

**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**  
**FY2014 & FY 2015 GLOBAL DEVELOPMENT ALLIANCE (GDA)**  
**ANNUAL PROGRAM STATEMENT (APS)**

**APS No: APS-OAA-14-000001**

**USAID and the PRIVATE SECTOR:**  
**PARTNERING FOR IMPACT**

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This program is authorized in accordance with Part I of the Foreign Assistance Act of 1961 as amended.

Key definitions and a list of acronyms used in this GDA APS can be found in [Appendix V](#).

This Annual Program Statement announces opportunities for the private sector to work with USAID to build Global Development Alliances (GDAs) that address important business interests and objectives, advance USAID's strategic priorities and objectives, and achieve sustainable development outcomes, results and impact. Any private sector organization interested in building a GDA with USAID, and any organization interested in working with the private sector and USAID to build a GDA, should read this APS in its entirety and then contact the USAID Mission, Bureau, or Independent Office with which the organization would like to collaborate.

Note: This solicitation is an Annual Program Statement. It is not a Request for Applications (RFA) or a Request for Proposals (RFP). This APS requests Global Development Alliance Concept Papers. Based on those Concept Papers, USAID will determine whether to request a full application from an appropriate partner in the proposed alliance.

In addition, this APS is not supported by specific funds. Any funding for any alliance proposed under this APS would have to be requested from the specific USAID Mission, Bureau or Independent Office with which the prospective alliance partners seek to collaborate and to which the Concept Paper will be submitted.

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# **U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**

## **FY2014 & FY 2015 GLOBAL DEVELOPMENT ALLIANCE (GDA) ANNUAL PROGRAM STATEMENT (APS)**

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### **USAID and the PRIVATE SECTOR: PARTNERING FOR IMPACT**

“... there is a final ingredient that we have seen in every country that has grown its way out of the poverty: the emergence of a strong and dynamic private sector. . . . The sectors we most associate with development work—healthcare, agriculture, water—are dominated by private sector activity. . . . If we are going to encourage truly sustainable, broad-based economic growth in developing countries, we have to do a far better job of working with private firms—be they domestic or foreign, established or entrepreneurial.”

- USAID Administrator Rajiv Shah  
October 20, 2011

## **I. INTRODUCTION**

The U.S. Agency for International Development (USAID) is committed to partnering with the private sector.<sup>1</sup> Strategic and proactive engagement of the private sector improves the identification and definition of critical economic and social development problems; strengthens the design and implementation of promising solutions to those problems; and increases the sustainable impact of our respective investments in developing countries.

By partnering with USAID, the private sector is able to leverage USAID’s expertise, assets and working relationships in a manner that advances business success and fosters the broader economic growth and poverty reduction that is vital to sustaining such success.

By partnering with the private sector, USAID is able to leverage private sector markets, expertise, interests, and assets in a manner that solves critical development problems and

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<sup>1</sup> For purposes of this APS, “private sector” refers to the following: private for-profit entities such as a business, corporation, or private firm; private equity or private financial institutions, including private investment firms, mutual funds, or insurance companies; private investors (individuals or groups); private business or industry associations, including but not limited to chambers of commerce and related types of entities; private grant-making foundations or philanthropic entities; or private individuals and philanthropists. Alliances developed under this GDA APS must involve one or more of these private sector entities. For additional clarification and requirements, please see Appendix I: The Private Sector Resource Requirement. All prospective alliance partners should review Appendix I in its entirety.

promotes effective market-led development. Through strategic and ongoing collaboration, the private sector and USAID are better able to increase the impact, reach, efficiency, and effectiveness of our business and development investments.

This Global Development Alliance (GDA) Annual Program Statement (APS) is designed to catalyze, facilitate and support such collaboration.

**The GDA APS is USAID's invitation to the private sector.** The APS invites private businesses, financial institutions, chambers of commerce, industry associations, foundations, entrepreneurs, investors, philanthropists, and other private-sector organizations to identify and suggest ways we can work together to address key challenges in the developing world in a manner that advances our respective interests and objectives. The APS provides the Agency a means of supporting or funding activities that are developed in collaboration with the private sector.

**In addition, the GDA APS is USAID's invitation to other types of organizations, including but not limited to prospective implementing partners,<sup>2</sup> to engage and work with private sector partners** to identify critical development problems and develop initial ideas about how we might work together to solve those problems. USAID encourages such organizations to reach out to the private sector (as defined in this APS) and explore ways in which collaboration with USAID might help all partners – businesses, NGOs and other implementers, governments, donors – to more effectively solve key problems, advance our respective interests, and achieve far greater development results and impacts.

By inviting the private sector to identify ways we can work together, and by encouraging other organizations to work with the private sector to do the same, the Agency seeks to foster a diverse array of results-focused, high impact **Global Development Alliances** (GDAs) - across a variety of regions, countries and technical sectors.

## **II. GLOBAL DEVELOPMENT ALLIANCES – PARTNERING FOR IMPACT**

**A GDA is a partnership involving USAID and the private sector where the partners work together to develop and implement activities that leverage and apply our respective assets and expertise to advance core business interests, achieve USAID's development objectives, and increase the sustainable impact of USAID's development investments.** Global Development Alliances have several core characteristics:

### **1. Focus on Development Impact**

GDAs must deliver development outcomes and results that directly advance the Agency's core strategies and priorities and foster sustainable and transformational development impact.<sup>3</sup>

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<sup>2</sup> For purposes of this APS, prospective implementing partners are organizations seeking to implement activities under a Global Development Alliance, typically with funding provided by USAID or other partners to an alliance. These organizations include but are not limited to NGOs, universities and other entities whose rich array of expertise, experience and other human and institutional assets position them to be valuable partners in the creation and implementation of high-impact Global Development Alliances.

<sup>3</sup> See <http://www.usaid.gov/what-we-do> and <http://www.usaid.gov/where-we-work> for more information on USAID's core strategies, priorities and initiatives.

## 2. Based on Complementary Interests and Objectives

GDAs are based and built upon the complementary or overlapping interests and objectives of USAID and the private sector. GDAs are developed where the relationship between business interests and development objectives provides a promising opportunity for:

- a) the private sector to leverage USAID's objectives, assets and expertise to address key business challenges and opportunities; and
- b) USAID to leverage private sector interests, assets, expertise and markets in a manner that fosters or accelerates sustainable and transformational development impact.

The resulting GDAs achieve important business objectives for our private sector partners while simultaneously advancing USAID's development priorities.<sup>4</sup> Therefore, while GDAs are designed to advance business interests and objectives, the concurrent pursuit of USAID's interests also ensures that the alliance and programming activities, as well as outcomes, results and impact fostered by those activities, provide benefits that do not simply and only accrue to the private sector partner(s) in the alliance. The benefits of an alliance are open to other parties who may not be a formal partner to an alliance.<sup>5</sup>

## 3. Market Based Approaches and Solutions

GDAs generally should foster or advance an approach and solution to a development challenge that is somehow market-based, market-driven, market-oriented or market-informed, including but not limited to approaches which exemplify the principles of "shared value."<sup>6</sup> Market-based approaches and solutions offer the prospect of ongoing, sustainable, and steadily expanding results. Such approaches and solutions are not dependent on repeated infusions of donor funding and are consistent with USAID's commitment to facilitate market-led development.

**Note:** The priority placed on market-based approaches and solutions does NOT preclude consideration and adoption of other types of approaches and solutions as appropriate. So long

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<sup>4</sup> Business interests and objectives include but are not limited to such matters as fostering growth and profitability; mitigating risk; achieving sustainability goals; attracting and retaining quality talent; strengthening brand recognition; building positive reputation and relationships; and fostering innovation. When building a quality GDA, it is critical to listen to prospective private sector partners and provide them ample opportunity to express and explain their core interests, concerns and objectives.

<sup>5</sup> For example, in an effort to improve rural incomes, USAID might partner with a major coffee retailer to improve coffee quality and production and other matters bearing on the quality of the retailer's supply chain. However, the activities implemented under the alliance might be open to producers who are not yet part of the retailer's supply chain; in addition, producers benefitting from the alliance would ultimately be free to sell their coffee to other purchasers. The key is that any given GDA should conduct a set of activities and foster a range of outcomes and results whose benefit does not wholly and solely accrue to the private sector partner(s) under the alliance but also substantially extends to a much broader set of public and private stakeholders in the targeted geography, sector or issue-area. On a related note, GDAs do not unfairly advantage or benefit one company over its competitors or subsidize specific business activities that are already fully commercially viable.

<sup>6</sup> Market-based approaches and solutions could include: market development and sustainability; improved supply chains; increased labor productivity and quality workforce development; improved infrastructure; robust social and economic resilience; systems and enabling environments conducive to innovation, entrepreneurship, business development, and private sector financing and investment; and "shared value" management and business development strategies whereby companies seek to create clear and measurable business value by identifying and addressing social problems that intersect with their business. See <http://sharedvalue.org/> for additional information.

as such approaches reflect important private sector / business interests, advance key Agency objectives, and significantly increase the reach, efficiency, effectiveness and sustainable impact of USAID's development investments, USAID will continue to consider and pursue such approaches. However, priority is typically given to approaches and solutions that are market-based, market-driven, market-oriented or market-informed.

#### **4. Extensive Private Sector Collaboration: Co-Creation and Shared Responsibility**

In order to foster sustainable and transformational development impact, achieve related business interests and objectives, and promote market-led development, GDAs entail extensive partnering and collaboration between USAID and the private sector – from conception to design to implementation. Ideally, USAID and the private sector jointly identify and define compelling business and development problems.<sup>7</sup> We then collaborate to determine whether and how we can solve those problems and achieve the greatest degree of transformational and sustainable impact. We share risks and responsibilities; and we work together to mobilize, leverage and more effectively apply one another's respective assets, expertise and resources. GDAs are co-created, co-developed, and co-implemented.<sup>8</sup>

#### **5. Significant Private Sector Contributions for Increased Impact**

In an effort to enhance the prospects of sustainable development impact, ensure alliances based upon core business interests, encourage extensive private sector engagement and collaboration, and foster the development of market-based or market-informed approaches, GDAs must mobilize and effectively apply significant private sector resources. More specifically, **a GDA must mobilize and leverage private sector assets, expertise, contributions and resources on at least a 1:1 basis.** That is, the private sector resource contribution must equal and, in general, should significantly exceed the level of resources provided by the USG.<sup>9</sup> In addition, the mobilized resources should support and be applied to

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<sup>7</sup> In some cases, the private sector – or the private sector in collaboration with an implementing partner – will propose an alliance that is based on the private sector's independent efforts to identify and define key problems whose resolution warrants a joint effort and will help achieve USAID's core development objectives. While USAID may not have been engaged in the initial problem identification and definition, the Agency is certainly able to move forward with alliance development if the Agency has an interest in working with the private sector to resolve the problems in question. This may or may not involve working with the private sector to further refine the problem definition, but will definitely involve collaboration with regard to solution development and/or implementation.

<sup>8</sup> While USAID-private sector collaboration and partnering for impact is a necessary and core element of any GDA, USAID also seeks the collaboration and participation of other types of partners whose assets, expertise and resources will also increase the reach, efficiency, effectiveness and sustainable impact of USAID's development investments and any activities conducted under the GDA. NGOs, universities, public agencies, multi- and bi-lateral donors, and host country governments have consistently been vital assets to the design and implementation of Global Development Alliances worldwide. For example, over the past twelve years, USAID has built more than 1500 Global Development Alliances and most of those involved NGOs as core partners. NGO engagement, experience, expertise and resources have been critical to the design, development and implementation success of those GDAs. USAID enthusiastically anticipates and welcomes significant NGO participation – and the participation of other types of organizations - in the development and implementation of future GDAs.

<sup>9</sup> For example, if USAID (and/or other US Government (USG) agencies or entities) invests \$1 million in an alliance, the array of assets, expertise, contributions and resources provided by the private sector partner(s) must have a value equal to \$1 million and will preferably have a value significantly greater than \$1 million. In fact, the level of resources mobilized by and from the private sector has historically been three to four times the level of resources contributed by the USG.

the alliance in a manner that clearly fosters extensive and important results. GDAs require high-impact private sector resource investments.

(For additional information and requirements related to this 1:1 private sector resource mobilization requirement, please see Appendix I: The Private Sector Resource Requirement. All prospective alliance partners should review Appendix I in its entirety.)

## 6. Increased Scale, Efficiency, and Effectiveness

GDAs should enable USAID and its partners **to achieve a greater level of desired results and impact than would be achieved without the alliance**. By effectively combining the partners' distinctive resources and competencies, GDAs should accelerate and achieve development outcomes, results and impact at greater scale, with greater efficiency and effectiveness, and in a more sustainable manner than alternative approaches.

Global Development Alliances that exhibit the above characteristics enable USAID and its partners to work together **to leverage business expertise and advance core business interests in a manner that achieves transformational development impact** – in a replicable, sustainable and scalable manner. Working with the private sector to tackle important business challenges and business opportunities enables USAID to better solve critical development problems.<sup>10</sup>

## III. VALUE TO THE PRIVATE SECTOR

Global Development Alliances provide businesses with a number of opportunities to achieve core business interests.<sup>11</sup> By participating in a GDA, businesses have been able to improve supply chain quality and reliability; increase sales; expand their customer base and access to new markets; develop new products and services; reduce operating costs; increase productivity; improve distribution systems; increase access to sufficiently qualified and skilled talent; improve relationships with key stakeholders; increase brand awareness; and mitigate key business risks.

Furthermore, businesses have been able to leverage USAID capabilities and assets to drive results. For example:

- USAID supported technical assistance to small scale distributors in the mobile telecoms sector has helped our private sector partners grow sales to new markets and previously underserved customer groups;
- USAID-supported technical assistance to small-scale farmers and cooperatives has increased the reliability and quality of key agricultural commodity value chains;
- USAID's support for workforce development and education programs in the ICT sector has provided businesses with the mix of human capital needed to improve productivity, reduce investment risk, and expand business operations;
- USAID's support for HIV/AIDS, health and nutrition programs in the manufacturing, textiles, agricultural and extractive sectors has reduced absenteeism among employees or supply chain producers, thereby reducing costs and increasing labor productivity.
- USAID's collaboration with private equity firms and financial intermediaries has fostered increased investment in clean energy technologies and enhanced business opportunities

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<sup>10</sup> Examples of global development alliances can be found at <http://www.usaid.gov/gda/alliances-action>.

<sup>11</sup> See also <http://www.usaid.gov/gda/gda-tools-resources> for Partnering with USAID: A Guide for Companies.

and job creation in the sector, while also enabling the private sector to contribute to the reduction of greenhouse gas emissions and address shareholder concerns.

- USAID-supported policy reforms may help reduce risk, limit regulatory uncertainty and promote a broader enabling environment supportive of business investment and success;
- USAID's convening power, credibility and extensive networks and working relationships with national and local governments, local, regional, and global NGOs, civil society groups, and foundations may help companies expand their license to operate, enhance community relations, and strengthen stakeholder relationships.

If your organization is interested in working with USAID to pursue such core business interests and objectives as USAID tackles critical development challenges, we encourage you to read Section IV of this APS and contact the USAID Mission, Bureau or Independent Office (Mission/B/IO) with which you wish to partner and collaborate. (See [Mission Priorities & Contacts](#) for a list of Mission/B/IO Points of Contact) We also encourage you to visit <http://www.usaid.gov/what-we-do> and <http://www.usaid.gov/where-we-work> to learn more about USAID's priorities and objectives in countries important to your organization.<sup>12</sup> Questions can be directed to Ken Lee at [kenlee@usaid.gov](mailto:kenlee@usaid.gov).

#### **IV. THE ALLIANCE DEVELOPMENT PROCESS: HOW CAN WE WORK TOGETHER TO BUILD A GDA?**

Alliances developed under this APS must advance private sector interests and objectives AND the development objectives and priorities that guide USAID's development assistance programs and investments. Therefore, building an effective GDA requires a mutual understanding of our respective interests and priorities. Past experience demonstrates that the most successful GDAs are grounded in the mutually reinforcing relationship between core business interests (rather than purely philanthropic interests) and one or more of USAID's development objectives.

Past experience also demonstrates that the collaboration and communication required under the GDA APS is more likely to foster promising alliance opportunities if prospective private sector partners and prospective implementing partners invest some initial time in the review of USAID initiatives, objectives and priorities. A thorough overview of the Agency's core initiatives, objectives and priorities – at the global and individual country level – can be found at <http://www.usaid.gov/what-we-do> and <http://www.usaid.gov/where-we-work>.<sup>13</sup>

In order to most effectively consider whether and how business and USAID interests might offer valuable alliance opportunities, **USAID seeks extensive communication with prospective**

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<sup>12</sup> USAID builds alliances with the private sector in an effort to mobilize our respective resources, expertise and other assets in a manner that advances our respective interests and increases the scale, efficiency, effectiveness and sustainable impact of the Agency's development investments. While conducive to business success and supportive of business objectives, USAID contributions to a GDA are not a subsidy to the private sector or commercial investment but a set of complementary and supplementary assets that, in conjunction with the private sector's engagement, increase the development results and impact arising from our respective efforts and investments. Typically, USAID's involvement and contributions are meant to address matters that the private sector would not be able to address as effectively..

<sup>13</sup> If interested in working in a particular country, we invite prospective partners (private and implementing) to review Mission-specific programs, activities and priorities and contact the USAID Mission in that country as early as possible. See [Mission Priorities & Contacts](#). If interested in working with a USAID operating unit based in Washington, DC, such as a technical bureau or regional bureau, we encourage you to contact the relevant office. See [USAID/Washington Contacts](#).



**private sector partners so we can jointly explore and define key challenges and problems, and then jointly develop promising solutions to those issues.**

Therefore, any business or private sector organization (as defined in this APS) interested in building a GDA with USAID should contact the USAID Mission, Bureau, or Independent Office with which the organization would like to collaborate. A list of GDA Points of Contact is available at [Mission Priorities & Contacts](#).<sup>14</sup> USAID welcomes and seeks the earliest possible communication.

Likewise, prospective implementing partners seeking to build an alliance with the private sector and USAID should also reach out as early as possible to both the private sector and the USAID Mission, Bureau, or Independent Office with which the prospective implementer would like to collaborate. Such outreach should be based on a thorough review of USAID's priorities and objectives in the country or countries where an alliance would be proposed, and should reflect the particular ways in which the implementer's expertise, capabilities and experience can be assets to advancing core business interests and USAID's development priorities in the targeted country. In addition, and given the fact that direct private sector engagement by USAID is core to the GDA approach, prospective implementing partners should include their prospective private sector partners in their initial consultations with USAID so as to promote the sort of co-creation that characterizes high impact alliances.<sup>15</sup>

Developing an alliance is a collaborative endeavor founded on several key practices: robust partner engagement, ongoing communication; the clear articulation and understanding of partner interests and objectives; a thorough exploration of whether and how those interests and objectives overlap or complement one another; and joint problem identification, problem definition and solution development.

Under the GDA APS, the requisite engagement, communication, exploration of interests, and subsequent problem-solving collaboration is conducted through a four step process:

1. Consult and clarify with relevant USAID personnel
2. Submit a promising idea to a USAID Mission, Bureau or Independent Office
3. Formulate prospective alliance activities, roles and responsibilities with USAID
4. Finalize an appropriate alliance agreement with USAID

Each of these steps is thoroughly described in Appendix II: The Alliance Development Process.<sup>16</sup> **All prospective applicants, as well as the applicant's prospective alliance partners, should review Appendix II in its entirety.**

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<sup>14</sup> If your organization does not get a response from the relevant GDA Point of Contact within two weeks, please feel free to contact [gda@usaid.gov](mailto:gda@usaid.gov) for assistance.

<sup>15</sup> If a potential implementing partner has not yet identified prospective private sector partners with whom to jointly develop a prospective alliance, they should still feel free to reach out to the USAID Mission, Bureau or Independent Office with which they wish to collaborate. However, once an implementing partner has identified a prospective private sector partner(s), and before developing and submitting a concept paper, the potential implementing partner should connect USAID to the proposed private sector partners and include them in subsequent pre-concept paper consultations with USAID.

<sup>16</sup> For additional information on this process, USAID personnel are encouraged to contact Ken Lee at [kenlee@usaid.gov](mailto:kenlee@usaid.gov) or [gda@usaid.gov](mailto:gda@usaid.gov)

## V. CONCEPT PAPER INSTRUCTIONS

### A. General Approach

Concept papers submitted under this APS must clearly demonstrate the ways in which the private sector engagement – and the private sector assets, expertise, contributions and resources that are leveraged and mobilized as a result of such engagement - will advance the interests of the private sector partners AND increase the reach, efficiency, effectiveness and sustainable impact of the proposed interventions and USAID’s investment.<sup>17</sup>

### B. Specific Instructions

In order to submit a Concept Paper under this APS, **an applicant must use the Concept Paper Template at <http://www.usaid.gov/work-usaid/get-grant-or-contract/opportunities-funding/global-development-alliance-annual-program-0> and follow the directions and requirements set forth in that template.** Applicants should only submit the information and materials specified in that template. Concept Papers submitted in any other format will not be accepted or reviewed. In addition, and as noted in the Concept Paper Template, ***all concept papers MUST be in English and submitted electronically via email.***<sup>18</sup>

## VI. CONCEPT PAPER EVALUATION CRITERIA AND CONSIDERATIONS

Any Concept Paper submitted under this APS should propose a GDA that satisfies the definition and exhibits the characteristics set forth in Section II of this APS. In addition, the following criteria and considerations, many of which reflect the characteristics discussed in Section II, will be used to review and evaluate concept papers submitted under this APS.

### 1. Alignment with Mission/B/IO’s Strategic Objectives and Programming Priorities:

The proposed activity must align with the targeted Mission/B/IO’s strategic plan (including Country Development Cooperation Strategies) and programming priorities.

**2. Private Sector Engagement and Collaboration:** The proposed alliance must be based on private sector engagement and collaboration, including but not limited to private sector engagement in problem identification and definition and the development of the proposed approaches to solve the prioritized problem(s). The proposed alliance should clearly reflect the interests of the proposed private sector partners and clearly engage private sector resources, assets, and expertise in the implementation of alliance activities.

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<sup>17</sup> USAID recognizes this will involve the consideration of counterfactual scenarios and comparison to related programs implemented without private sector engagement and collaboration. However, it is vital that applicants under this APS communicate the anticipated value of working with the private sector AND demonstrate that the proposed alliance is the result of significant collaboration with the private sector in problem identification, problem definition, and the development of prospective solutions that will involve the private sector as a core partner.

<sup>18</sup> Please note that if an applicant submits materials not specifically requested in the template, or submits any material that exceeds the page limits specified in the template, USAID reserves the right, at its option, to reject the entire submission or to disregard any information beyond the specified page limits. USAID may also require the applicant to wait 90 days before submitting a new concept paper under this GDA APS.

**3. Development Impact: Feasibility, Sustainability and Scalability:** USAID will evaluate the prospective development impact of the proposed alliance, paying particular attention to:

- a) **Feasibility:** The alliance should have well-defined and achievable objectives. The enabling environment and the proposed combination of partner assets, resources and expertise should be sufficient to yield significant impact on a specific and important development challenge. Financial and technical approaches must be viable. In addition, the involvement of local partners and/or beneficiaries in the development and implementation of the alliance should be clear and sufficient enough to indicate the alliance will be successful.
- b) **Sustainability:** The alliance should demonstrate the potential to yield sustainable solutions to the development challenge being addressed. The private sector resource partner should express a business/philanthropic case that demonstrates their long-term vision and commitment to the targeted markets and communities. In addition, the proposed alliance should engage and strengthen the human and institutional capacity of local partners and local beneficiary organizations (private, non-profit, public).
- c) **Scalability:** USAID will consider whether and how the proposed approaches can be scaled or replicated in a manner that would offer a broader set of impacts at the national, regional or global level.

**4. Alliance Value Proposition:** Quality alliances increase the impact, reach, efficiency and effectiveness of USAID’s development assistance investments by mobilizing significant new resources, ideas, technologies and/or partners to address and solve critical development problems and related business challenges.<sup>19</sup> Successful alliances are characterized by and designed to achieve clear, measurable, and mutually understood objectives, outcomes and results.

Alliances should offer USAID a compelling value proposition. They should offer a level of efficiency and impact, or “return on investment” that exceeds that which could be achieved by investing resources in non-alliance approaches. The Agency is particularly interested in GDAs that incorporate replicable and scalable approaches, leverage resources and working relationships in a manner that generates sustainable solutions and impacts, and support and advance market-based, market-driven, market-informed or market-oriented approaches and solutions.<sup>20</sup>

**5. Partners:** The proposed partnership must involve at least one of the following types of private sector partners as a critical and core member under the alliance:

- a) Private for-profit entities such as a business, corporation, or private firm;
- b) Private equity or private financial institutions, including private investment firms, mutual funds, or insurance companies;

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<sup>19</sup> See <http://www.usaid.gov/what-we-do> and <http://www.usaid.gov/where-we-work> for additional information on Agency and Mission priorities.

<sup>20</sup> As noted in Section II, the preference for and priority placed on market-based approaches and solutions does NOT preclude consideration and adoption of other types of approaches and solutions, provided such approaches reflect important private sector / business interests and significantly increase the reach, efficiency, effectiveness and sustainable impact of USAID’s development investments.

- c) Private investors (individuals or groups);
- d) Private business or industry associations, including but not limited to chambers of commerce and related types of entities;<sup>21</sup>
- e) Private grant-making foundations or philanthropic entities;<sup>22</sup> or
- f) Private individuals and philanthropists.

In addition, as demonstrated by USAID's Implementation and Procurement Reform, involving a wide array of local partners - private, non-profit, and public – is a key Agency priority. Alliance activities at the country level that incorporate local businesses and entrepreneurs as partners and/or beneficiaries in the design and implementation of an alliance are most likely to be successful and sustainable. Local ownership, leadership and beneficiary participation are keys to success. Alliances should engage local partners as core implementers and assets, while also strengthening the human and institutional capacity of local partner and beneficiary organizations. Whenever possible, the proposed alliance should bring new development actors into partnership with USAID and or expand USAID's engagement with business, social entrepreneurs, foundations, private philanthropists and Diaspora communities. The partners should demonstrate a strong commitment to the proposed alliance, experience partnering with others, and, where applicable, a proven track record in their particular areas of expertise.

Prospective partners under any alliance must be organizations with a reputation for integrity and the highest standard of conduct.<sup>23</sup> They should demonstrate a respect for human rights, gender sensitivity, the inclusion of people with disabilities and other vulnerable groups, decent work conditions, environmental consciousness, and community involvement in their operational practices. Preference will be given to alliances that engage underserved populations (especially women and youth) and communities as primary beneficiaries.

**6. Mobilization of High Impact Private Sector Resource Contributions (1:1):** The proposed alliance must leverage and mobilize private sector assets, expertise, resources and contributions on at least a 1:1 basis – and preferably much greater.<sup>24</sup> The concept paper should demonstrate the commitment of the private sector partners to provide resources and contributions consistent with the private sector resource mobilization requirements under this

<sup>21</sup> Such associations and entities must be private; quasi-governmental associations would not satisfy the partner requirement.

<sup>22</sup> If an NGO receives awards and funding from external sources and then makes sub-grants to other organizations as part of implementing such awards, it does not thereby become defined as a grant making foundation or philanthropic entity. An organization must be formally constituted as such a foundation or entity; in fact, the vast majority of USAID's NGO implementing partners do not fall within this category.

<sup>23</sup> USAID only enters into alliances with organizations and individuals who exhibit fiscal responsibility, character, and integrity. In order to make this determination regarding potential partners, USAID undertakes due diligence. The extent of and approach to the due diligence will vary depending on the context and the potential partners. For example, a prospective alliance with a locally-owned private company in a developing country is likely to be quite different from one with a major multinational corporation. Applicants under this APS should conduct their own due diligence on proposed partners and are welcome to provide to USAID any information regarding proposed partners deemed useful for USAID's due diligence related deliberations. USAID may request any partners proposed for an alliance under this APS to respond to any issues/concerns that arise during USAID's due diligence review. Failure to respond to or resolve serious concerns that arise during the due diligence process will be cause for non-award. For reference, USAID's guidelines for conducting due diligence can be found at [Due Diligence Step by Step Guide](#).

<sup>24</sup> Alliance ideas capable of engaging the private sector in a manner that fosters significantly greater levels of development impact, extensive private sector commitment, and higher ratios of private sector resource mobilization relative to USG resource contributions, such as 3:1 or higher, will generally be more compelling.

APS.<sup>25</sup> **In addition, the concept paper must demonstrate how the proposed private sector resources will enhance results and increase the reach, efficiency, effectiveness and sustainable impact of the proposed alliance.** USAID seeks to support programs that provide the best cost per development impact proposition. **All prospective alliance partners should carefully and thoroughly review Appendix I for additional details regarding the required mobilization of private sector resources.**

## VII. CONCEPT PAPER REVIEW PROCESS

Once a Concept Paper has been submitted under the GDA APS, the appropriate technical and/or program officer serving as the USAID Mission/B/IO's point of contact for GDA concept papers, or his/her designee, will arrange an initial review of the concept paper using the criteria above.<sup>26</sup>

For Concept Papers submitted under the general APS, the Mission/B/IO will notify the applicant within 45 calendar days after receipt of the concept paper as to whether or not USAID wishes to engage in more in-depth and specific alliance development discussions. (Note: For Concept Papers submitted against an Addendum issued under this GDA APS, the Mission/B/IO may choose to provide such notification within 45 calendar days of the closing date stated in the Addendum.)

During the initial review of the Concept Paper, USAID may contact the applicant - or the other alliance partners mentioned in the concept paper - to clarify elements of the concept paper, request additional information, or discuss other aspects of the proposed alliance.<sup>27</sup> While USAID communication with alliance partners will usually include the applicant, USAID may elect to communicate with select partners independently.<sup>28</sup> This is particularly the case with private sector partners, as well as resource partners not seeking funding under the alliance (e.g. a participating bilateral or multilateral donor).<sup>29</sup>

The purpose of the initial review and related communication is to determine whether USAID wishes to engage in further alliance development discussions and efforts. The initial review and communication will result in one of two outcomes:

1. A decision to forego further consideration of the alliance proposed in the Concept Paper; or

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<sup>25</sup> The concept paper should indicate which partner will be reporting and confirming the provision of the leverage and substantiating the value of that leverage. Valuations of leverage should be grounded in objective measures and meet a "reasonable person" standard, keeping in mind that USAID is a USG agency whose programs are subject to Congressional review and significant public attention and scrutiny. USAID has provided some illustrative guidance and a leverage tracking sheet for use if an applicant is asked to submit a full proposal and subsequently receives an award under this APS. While the tracking sheet is not required, many partners may find it of value. The sheet can be found at [GDA APS Resources](#).

<sup>26</sup> The concept paper review takes place as part of the broader alliance development process described in Appendix II.

<sup>27</sup> USAID also has the right and option to request a revised Concept Paper.

<sup>28</sup> Note: This communication will often build on communication that transpired with the prospective alliance partners prior to submission of the concept paper.

<sup>29</sup> Questions regarding partner discussions and the concept paper and full application review process may be directed to Ken Lee at [kenlee@usaid.gov](mailto:kenlee@usaid.gov).

2. A decision to engage in more in-depth and specific alliance development discussions aimed at building a high impact GDA.<sup>30</sup> **Note:** A decision to engage in more in-depth and specific alliance development discussions is NOT a commitment to funding, nor is it a commitment to requesting a full application. It is simply a decision to move forward in the collaborative and joint effort to develop a high impact GDA.

Consistent with the terms and objectives of this APS, the alliance development discussions must include direct communication between USAID and the core private sector partners to the alliance.<sup>31</sup> Such communication may take place in conjunction with other alliance partner discussions or separately. While collaborative discussions among the various core partners will be the standard practice, there will be times when USAID, the private sector, and/or other resource partners not seeking an award from USAID under this APS may want or need an opportunity for independent discussions. Such discussions are allowed and encouraged. Similarly, USAID may also want or need direct and independent discussions with the applicant or prospective implementing partner.

If the in-depth and specific alliance development discussions do not result in the identification and development of an alliance and specific alliance activities worthy of further pursuit, the Mission/B/IO will not request a full application and will instead inform the applicant that USAID is no longer interested in the proposed alliance.

On the other hand, if the more in-depth discussions enable the partners to jointly develop and design a promising, high impact Global Development Alliance, and the Mission/B/IO decides a full application is warranted, the technical and/or program officer serving as the USAID Mission/B/IO's point of contact for GDA concept papers, or his/her designee will inform the applicant of that determination and decision. At that point, an Agreement Officer for the specific Mission/B/IO will provide the necessary additional instructions, technical requirements and specific evaluation criteria for a full application. USAID technical or program personnel will continue to communicate with the applicant and prospective alliance partners regarding the substance of the alliance.

## **VIII. PURPOSE OF APS, APPLICANT ELIGIBILITY AND AWARD CONSIDERATIONS**

The APS invites the private sector - and organizations working with the private sector - to contact USAID to explore ways to work together to build high impact Global Development Alliances. The APS also provides a pathway for potential GDA partners to submit Concept Papers and, when requested, full applications or other materials needed to enter in to an award agreement with USAID. Such award agreements support the implementation of key activities under Global Development Alliances that are jointly developed under this APS by USAID, the private sector, and other partners.

USAID intends that this APS will be used by Missions and B/IOs to provide for full and open competition for any award that advances a proposed alliance that is responsive to the terms

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<sup>30</sup> This decision may include or be conditioned upon the submission of a revised concept paper.

<sup>31</sup> USAID will typically seek to develop a Memorandum of Understanding with the prospective private sector partners. Past experience demonstrates that it is often valuable to develop such an MOU prior to the issuance of an award that supports the implementation of the alliance.



herein. Alliance awards under this APS may take the form of grants, fixed obligation grants, cooperative agreements, leader with associate awards, or collaboration agreements.<sup>32</sup> *Note: this APS does not satisfy the requirements for competition for procurement of goods and services through acquisition instruments.*

USAID Missions and B/IOs are responsible for the application review process and management of the award process. A diagram of the application process can be found in [Appendix III](#). Questions regarding the application process can be directed to Ken Lee at [kenlee@usaid.gov](mailto:kenlee@usaid.gov).

## **A. Eligible Applicants**

The following list of potential applicants is not exhaustive and is provided for illustrative purposes only. USAID welcomes applications from many types of organizations including U.S. and non-U.S. private businesses, business and trade associations, foundations, U.S. and non-U.S. Non-Governmental Organizations (NGOs), faith-based organizations, international organizations, U.S. and non-U.S. colleges and universities, civic groups, regional organizations, etc. All applicants must be legally recognized organizational entities under applicable law. An individual cannot apply as an applicant.<sup>33</sup>

In addition, for the following groups the criteria below also apply:

**U.S. and Non-U.S. Non-Profit Organizations:** Qualified U.S. and non-U.S. private non-profit organizations may apply for USAID funding under this APS.

**U.S. and Non-U.S. For-Profit Organizations:** In accordance with 22 CFR 226.81 potential for-profit applicants should note that USAID policy prohibits the payment of fee/profit to the prime recipient under assistance instruments, and as 22 CFR 226.5 states that, unless specifically excluded, all requirements applying to recipients also apply to sub-recipients if they meet the definition of “recipients”; therefore, fee/profit under assistance type awards is also prohibited for sub-recipients. Forgone profit does not qualify as cost-sharing or leveraging. If a prime recipient has a (sub)-contract with a for-profit organization for the acquisition of goods or services (i.e., if a buyer-seller relationship is created), fee/profit for the (sub)-contractor is authorized. A for-profit local organization may still want to apply for grant funding under this APS even though it is foregoing profit on the alliance activities. As determined by the needs of the alliance and development objectives, grant funds may be used to build the capacity of the local organization, whether it is for-profit or non-profit.

**U.S. and Non-U.S. Colleges and Universities:** Qualified U.S. and non-U.S. colleges and universities may apply for funding under this APS. USG and USAID regulations generally treat colleges and universities as NGOs, rather than governmental organizations. Hence, both public and private colleges and universities are eligible. Non-U.S. colleges and universities in countries that are ineligible for assistance under the FAA or related appropriations acts are ineligible.

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<sup>32</sup> For definitions and descriptions of these types of agreements, please see [http://www.usaid.gov/sites/default/files/documents/1868/aapd04\\_16.pdf](http://www.usaid.gov/sites/default/files/documents/1868/aapd04_16.pdf) and ADS 303 at <http://www.usaid.gov/sites/default/files/documents/1868/303.pdf>.

<sup>33</sup> As noted on page 11, individuals can sometimes be partners to or members of an alliance; but individuals cannot be the applicant under the GDA APS.

## B. Considerations Regarding the Pursuit and Award of USAID Funding

*Issuance of this GDA APS does not constitute an award or commitment on the part of the U.S. Government, nor does it commit the U.S. Government to pay for costs incurred in the preparation and submission of an application. Prospective applicants should be aware of the following considerations:*

- **Issuance Period:** **The 2014 & 2015 GDA APS seeks Global Development Alliance concept papers, letters of interest, and applications (if applicable) for funding through November 18, 2015. (Note: Activities of an alliance proposed under this APS can continue beyond this period.)** Concept papers, letters of interest and/or proposals received under this APS, but unable to be negotiated and awarded prior to the end of the fiscal year in which they are received, may be considered for award within the following fiscal year. It is expected that the programs supported by a proposed alliance will have a period of performance from 12 to 60 months.
- **Award Discretion:** **USAID reserves the right to make or not to make awards through this APS.** The actual number of assistance awards, if any, under this APS is subject to the availability of funds and the interests and requirements of Missions and Bureaus/Independent Offices (B/IOs) as well as the viability of proposals received. There is no pre-defined minimum or maximum number of partners or partnerships USAID Missions and B/IOs will support through this APS. However, *USAID will not provide funds under this APS for products and services that would be purchased through a contract.*
- **USAID Funding Sources:** **The GDA APS is not supported by specific funds. Any funding for any alliance proposed under this APS would have to be requested from the specific USAID Mission, Bureau or Independent Office with which the prospective alliance partners seek to collaborate and to which the Concept Paper will be submitted.** The GDA APS simply provides a vehicle for soliciting and receiving concept papers and, if requested, full applications from potential resource and/or implementing partners. Funding and other resources for any alliance must be provided by the relevant USAID Mission, Bureau or Independent Office and the non-USAID partners that are party to a proposal. Consultation with a Mission, Bureau or Independent Office prior to submission of a concept paper under this APS helps determine whether there is potential substantive and resource support for the proposed alliance from USAID before the prospective applicants and their partners invest significant time and resources in the development of an alliance. Note that potential substantive and resource support DOES NOT constitute any sort of commitment to fund a subsequently proposed alliance.
- **Addenda:** While this APS serves as a general solicitation for Global Development Alliance proposals, **Missions and B/IOs may issue addenda to solicit GDA proposals related to their specific priorities, objectives, and programs.** These addenda can be found at [Mission and B/IO Addenda to the GDA APS](#).



- **Award Amounts:** There is no minimum or maximum financial contribution that may be requested by prospective applicants from USAID under this APS. However, the scope of any alliance proposed under this APS must be significant enough to achieve the priorities and objectives set forth in this APS.
- **Optional Participation:** Missions and B/IOs may opt to not participate in this worldwide APS or seek alliance proposals/applications by issuing their own solicitations, which can be found at [www.grants.gov](http://www.grants.gov) and [www.fbo.gov](http://www.fbo.gov).

If the applicant organization is a “traditional implementing partner,”<sup>34</sup> such as an NGO, higher education institution (HEI), contractor or other organization that has received or is considered appropriate to receive federal funding under grants, fixed obligation grants, cooperative agreements, and/or leader with associate awards, the applicant organization needs to be aware of the following requirements:

1. For U.S. organizations, 22 CFR 226, OMB Circulars and USAID Standard Provisions are applicable to any award that may result from this APS. **Please refer to <http://www.usaid.gov/sites/default/files/documents/1868/303.pdf> for governing regulations, standard provisions, and required certifications that will need to be submitted by applicants at the time of award.** For non-U.S. organizations, Mandatory Standard Provisions mentioned in USAID’s Automated Directive System (ADS) 303 are applicable.

2. In order to be eligible to receive U.S. Government funding, organizations must meet certain requirements. **While these requirements do not have to be met in order to submit a concept paper under the APS, they will need to be met if the applicant is requested to submit a full application.** The requirements are:

a) Registration Matters

- All first-time applicants for USAID funding are subject to a pre-award survey to verify that the applicant has proper procedures in place to receive USAID funding (ADS 303.3.8)
- In accordance with 2 CFR Part 25, all organizations (unless exempt) are required to have a Data Universal Numbering System (DUNS) number and register with Systems for Award Management (SAM). To obtain information regarding the preceding, see the respective links: <http://www.dnb.com> and <https://www.sam.gov/portal/public/SAM/>. Note: the DUNS number must be submitted with the application (it is required on the SF-424).
- Please allow several weeks for processing through SAM.GOV.

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<sup>34</sup> If USAID has designated the applicant organization as a non-traditional partner, and the Agency and non-traditional partner are considering the use of a collaboration agreement, the Mission/B/IO agreement officer will provide additional guidance during the course of developing the collaboration agreement. A non-traditional partner is defined as a private organization offering resources at a leveraged ratio in excess of one to one, whose principal business purpose is other than foreign development assistance or whose development assistance purpose was recently established, and who has not routinely received federal funding under traditional grants and cooperative agreements. However, even if an entity exhibits these characteristics, USAID may still require the entity to meet the requirements set forth in this section.

- Some domestic organizations may also need to register as a U.S. Private Voluntary Organization (PVO). Applicants may determine if they meet the definition for a PVO and find registration instructions here (<http://www.usaid.gov/pvo>). Registration is not required before application submission but, if required, must be completed before funding can be disbursed.

#### b) Applications for Federal Assistance

- SF-424, Application for Federal Assistance
- SF-424A, Cost application Information – Non-Construction Programs
- SF-424B, Assurances – Non-Construction Programs
- SF-425, Federal Financial Form
- Certifications, Assurances, Other Statements of the Recipient

Note: The family of SF-424 standard forms can be found at:  
<http://apply07.grants.gov/apply/FormLinks?family=15>.

The SF-425 can be found at:  
[http://www.whitehouse.gov/sites/default/files/omb/assets/grants\\_forms/SF-425.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/grants_forms/SF-425.pdf)  
and [http://www.whitehouse.gov/sites/default/files/omb/grants/standard\\_forms/SF-425\\_instructions.pdf](http://www.whitehouse.gov/sites/default/files/omb/grants/standard_forms/SF-425_instructions.pdf).

Certifications, Assurances, Other Statements of the Recipient form can be found at:  
<http://www.usaid.gov/ads/policy/300/303may>

Note to All Prospective Applicants: **USAID may also amend this APS from time to time, as necessary or appropriate. Any such amendments can be found at [www.grants.gov](http://www.grants.gov).**

## IX. FULL APPLICATION INSTRUCTIONS FOR ORGANIZATIONS WHICH SUBMITTED CONCEPT PAPERS UNDER THIS APS<sup>35</sup>

**All applications must be in English and submitted electronically via email as instructed by the USAID Agreement Officer.**

If the Mission/B/IO's review of the applicant's concept paper, and the ensuing alliance development discussions, result in a decision to request a full application, **the Agreement Officer for the Mission/B/IO will provide specific requirements and instructions for the full application.**<sup>36</sup> However, any full application submitted under this GDA APS must include all the information requested in a Concept Paper as well as the following:

1. A detailed monitoring and evaluation plan, including the gathering of baseline data, and the use of control groups and/or counterfactual approaches.

<sup>35</sup> These instructions apply to institutions that submitted a concept paper and were subsequently asked to submit a full application. As noted earlier in this GDA APS, **non-traditional partners** entering in to a collaboration agreement with USAID will receive separate guidance consistent with the development of such an agreement.

<sup>36</sup> USAID personnel can contact Ken Lee at [kenlee@usaid.gov](mailto:kenlee@usaid.gov) for sample requests for full application. Such materials are not available to prospective applicants or their partners.

2. Letter(s) of intent or commitment from all partners to the alliance. Applicants may use the letters from the private sector partners that were submitted with the original concept paper provided the letters are revised to reflect the resource contributions, roles and responsibilities the private sector partners have agreed to during the alliance development discussions.
3. Detailed sustainability plan clearly demonstrating how desired outcomes, results and impacts will continue to be generated after USAID support ends, as well as in the longer term.
4. Detailed budget and financial plan with major line items, identification of funding source (i.e., by partner) for each, and a narrative description of what the resources will be used for. Cost-share resources should be distinguished from other resource contributions, including private sector resource contributions.
5. Statement outlining gender and disability integration issues and how the applicant proposes to address the issues.
6. Implementation schedule
7. Branding and marking plans

Additional requirements will be specified by the Mission/B/IO Agreement Officer.

***Note: An invitation to submit a full application does not constitute an award; USAID may choose to not fund applications even after they have been requested. If that happens, a USAID Agreement Officer will communicate the reasons for such a decision.***

## **X. AWARDING OF ALLIANCES BASED ON THE FULL APPLICATION PROCESS**

Following the application review by the Mission or B/IO, applicants will be advised that USAID has the discretion to: award without discussion; award a portion of the award; or not to award at all. If USAID is interested in funding the application, the Mission or B/IO will complete its due diligence regarding the partner organizations and determine whether a Memorandum of Understanding (MOU) should be completed with any of the partners under the alliance.

Memoranda of Understanding are used to convey the objectives of the alliance, the core program activities, and the division of responsibilities and risks among the alliance partners. The allocation of responsibilities among alliance partners will reflect the interests of the partners, the best use of contributions from multiple partners, and the appropriate assignment of management and implementation responsibilities. Illustrative examples of USAID and partner roles and responsibilities can be found at [GDA APS Resources](#).

In addition, the requirements for reporting on the alliance and the underlying program activities will be determined in a collaborative manner among the alliance partners and should be outlined in the Memorandum of Understanding. An annual performance monitoring plan, using established baseline data and specific, measurable targets and indicators, will also be agreed to by the alliance partners and should be documented in the MOU. Requirements for evaluations and financial and other reporting may also be set forth in Assistance Agreements executed with USAID. For additional information on MOUs, please see [GDA MOUs](#).

Following favorable negotiations, USAID may award a grant, cooperative agreement, leader with associates, fixed obligation grant, or collaboration agreement to the institution proposing the

alliance or to a third entity that was proposed to implement a jointly funded alliance. See USAID ADS 303 <http://www.usaid.gov/sites/default/files/documents/1868/303.pdf>.

## **XI. ADDITIONAL RESOURCES**

### **A. [The Private Sector Resource Requirement \(Appendix I\)](#)**

Given the critical importance of private sector resources and contributions to the achievement of development impact, the GDA APS includes an appendix dedicated to explaining and clarifying the 1:1 private sector resource requirement. Please see [Appendix I: The Private Sector Resource Requirement](#). **All prospective alliance partners should carefully and thoroughly review Appendix I in its entirety.**

### **B. [The Alliance Development Process \(Appendix II\)](#)**

Appendix II describes the Alliance Development Process in detail. All prospective alliance partners should read Appendix II in its entirety.

### **C. [Diagram of Application Process \(Appendix III\)](#)**

A diagram of the application process is provided in [Appendix III](#).

### **D. [Key Websites, Applicable Regulations and References \(Appendix IV\)](#)**

For ease of reference, [Appendix IV](#) provides an inventory of key websites, applicable regulations and references noted in this APS. These include links (<http://www.usaid.gov/what-we-do> and <http://www.usaid.gov/where-we-work>) provide a thorough overview of the Agency's core initiatives, objectives and priorities – at the global and individual country level. Prospective partners should carefully review those initiatives, objectives and priorities in order to determine whether and how business and USAID interests might intersect, as well as the types of collaboration and resources that will be most effective in achieving those interests. As noted throughout this APS, alliances developed by prospective partners must support one or more of USAID's core development initiatives and advance the development objectives and priorities that guide USAID's development assistance programs and investments. This includes the Agency's USAID Forward initiative and the related Implementation and Procurement Reform (IPR).

### **E. [Key Definitions and Acronyms \(Appendix V\)](#)**

For ease of reference, Appendix V provides a list of key definitions and acronyms used in this APS.

### **F. [Frequently Asked Questions](#)**

Over the course of the past twelve years, USAID has supported more than 1,500 global development alliances around the world. A number of frequently asked questions have arisen over the course of that experience. Responses to those questions are provided at [GDA APS Frequently Asked Questions](#).

## **The Private Sector Resource Requirement: Increased Impact via Private Sector Engagement and Resource Mobilization**

In an effort to enhance the prospects of sustainable development impact, ensure alliances based upon core business interests, encourage extensive private sector engagement and collaboration, and foster the development of market-based or market-informed approaches, GDAs must mobilize and effectively apply significant private sector resources. GDAs require high-impact private sector resource investments.

More specifically, **a GDA must mobilize and leverage private sector resources, assets, and expertise on at least a 1:1 basis.** That is, the private sector resource contribution must equal and, in general, should significantly exceed the level of resources provided by the USG. In addition, the mobilized resources should support and be applied to the alliance in a manner that clearly fosters extensive and important results.

For example, if USAID (and/or other U.S. Government (USG) agencies or entities) invests \$1 million in an alliance, the array of contributions and resources provided by the private sector partners **must have a value equal to \$1 million and will preferably have a value significantly greater than \$1 million.** In fact, the level of resources mobilized by and from the private sector has historically been three to four times the level of resources contributed by the USG.<sup>37</sup>

**USAID sometimes refers to this private sector resource mobilization as leverage.<sup>38</sup> While an alliance may mobilize a variety of other resources from a range of other sources, the 1:1 private sector resource requirement – the private sector leverage requirement - must be met through the mobilization of private sector resources, assets, and expertise.**

USAID recognizes that in many instances, resources mobilized from other sources might be critical to the success of an alliance, its ability to foster and advance market based approaches and solutions, and its ability to increase the reach, efficiency, effectiveness and sustainable impact of USAID's investments. For example, contributions from host country governments and Public International Organizations (PIOs) such as the World Bank or UNDP could be vital to the scope or sustainability of alliance results. In such cases, these contributions can be counted toward the overall resource mobilization achieved by the alliance. **However, the mobilization of such additional resources does not count toward nor substitute for private sector leverage. The 1:1 private sector resource requirement must always be satisfied.**

### **A. Mobilizing Private Sector Resources that Increase Impact**

USAID is seeking to maximize cost-efficient development impact. While private sector resources are programmatic inputs to an alliance, **USAID and the alliance partners should identify, mobilize and apply private sector contributions and resources (both cash and in-**

<sup>37</sup> Alliance ideas capable of engaging the private sector in a manner that fosters significantly greater levels of development impact, extensive private sector commitment, and higher ratios of private sector resource mobilization relative to USG resource contributions, will generally be more compelling.

<sup>38</sup> The Agency policy underlying the application of leverage in the 2014 & 2015 GDA APS can be found in AAPD 04-16.

**kind) based on how those resources will expand the reach, efficiency, effectiveness and sustainable impact of the alliance. *While the leveraged resources are inputs, the purpose of these resources is impact.***

The resources and contributions mobilized from the private sector should, in combination with the support requested from USAID, provide the alliance with a comparative advantage (over not using an alliance) in achieving significant and sustainable impact on the targeted development challenge. Partners need to articulate the unique contributions and value that the private sector resources and partners bring to the project and how such contributions and value will help produce significant development results better, faster, and/or more cost effectively, and with a greater chance of long-term sustainability.<sup>39</sup>

Meeting the private sector resource requirement is not a narrow accounting exercise in which applicants try to cobble together enough resources and contributions to reach a particular number or ratio. Rather, it is an effort to identify **the programmatic inputs from the private sector that will most effectively increase the impact of USAID’s development assistance and the success of the alliance.**

While some prospective implementing partners sometimes express concerns or anxieties about meeting the requirement, past experience demonstrates that proactive collaboration with the private sector to determine the most effective way to address a core business interest and critical development challenge typically reveals a variety of resources and assets that can be mobilized and leveraged to advance the success of the alliance, typically at levels that significantly exceed the 1:1 requirement. Prospective implementing partners should focus on identifying the core interests of the private sector partners, the business challenge and development problem to be solved, and the array of expertise, assets, and working relationships the various partners can mobilize to develop and apply a high impact solution.

When considering various types of private sector resources and contributions that might be used to meet the 1:1 private sector resource requirement, alliance partners should work together to determine the outcomes, results and impact that would likely result from applying those resources and contributions and which resources offer the greatest value proposition. Different sets of private sector resources and contributions may have the same dollar value, but may have very different implications for the quality and quantity of results and impact achieved via an alliance. **If any given private sector resource or contribution doesn’t significantly enhance the scale, efficiency, effectiveness and sustainable impact of USAID’s development investments, the Agency will not count those resources toward the 1:1 private sector resource requirement.** In addition, the Agency will prioritize potential alliance investments based on which private sector partners and resources offer the greatest prospect and value with

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<sup>39</sup> The Agency recognizes, expects and advocates that the private sector contributions and resources should advance the core interests of the private sector partner. Indeed, seeking the intersection between those core interests and USAID’s development objectives is a critical aspect of the GDA model (<http://www.usaid.gov/gda>). At the same time, USAID resource investments are not subsidies to the private sector or substitutes for private sector investments that would otherwise be made in the absence of USAID’s resources. The Agency’s resources work in combination with the private sector resources; this enables the partners to achieve a set of outcomes, results and impacts that advance each of the partner’s respective interests, while also fostering a broader social and economic good, asset or situation that others can draw upon to advance social and economic development.

regard to increasing the scale, efficiency, effectiveness and sustainable impact of USAID's development investments.<sup>40</sup>

## **B. What Counts and Doesn't Count toward the 1:1 Private Sector Resource Requirement**

In order to count toward the 1:1 private sector resource requirement, the contributions and resources mobilized from the private sector must satisfy the criteria set forth in this section while also offering the sort of increased impact and value proposition discussed in Section A of this appendix.

### **1. What Counts?**

**In practice, leverage is typically a combination of cash and in-kind contributions.** Examples of in-kind contributions that USAID might count toward the 1:1 private sector resource requirement include:

- Commodities<sup>41</sup> such as drugs, foodstuffs or equipment
- Use of training or other purpose-specific facilities necessary to a program's implementation
- Value of time donated by technical consultants or company employees whose work and expertise is necessary to a project<sup>42</sup>
- Value of salaries for staff dedicated to a project
- Technology, communications and capital assets
- Intellectual property rights
- Licenses

When determining whether or not the private sector resources and contributions can count toward meeting the 1:1 private sector resource requirement, USAID applies the following criteria:

**a) Nature and Origin:** The contributions and resources should originate and be mobilized for the explicit purpose of supporting and advancing the alliance. The resource mobilization should stem from the active engagement of the private sector partner in the design and development of the alliance in question.<sup>43</sup> As a result, the contributions and

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<sup>40</sup> In many cases, and consistent with Section II of the GDA APS, the most promising and mostly prioritized approaches and solutions will likely be market-based, market-driven or market-oriented. However, such a prioritization does NOT preclude consideration and adoption of other types of approaches and solutions, provided such approaches reflect important private sector / business interests and significantly increase the reach, efficiency, effectiveness and sustainable impact of USAID's development investments.

<sup>41</sup> Note that the GDA APS should not be used to solicit funds for transportation of donated commodities.

<sup>42</sup> While USAID recognizes that various types of volunteers can add value to the implementation of an alliance, the value of volunteer time typically does not count as leverage unless it is provided by employees or technical consultants who work for or with one of the private sector **institutions** listed in Section B.1 of this appendix. If an organization wishes to seek an exception to this practice, the organization would have to provide reliable objective data capable of supporting a clear and specific valuation of the services to be rendered by the volunteers, being sure to account for known or likely variations in the expertise, experience and performance of the various volunteers.

<sup>43</sup> For example, if one of the private sector entities listed in B.1 Nature and Origin made a contribution to an NGO or higher education institution (HEI) to support the NGO's or HEI's broad mission, the NGO or HEI might seek to draw on that contribution to meet the leverage requirement. Such a contribution would not count toward the leverage requirement because it was not originally provided to advance the alliance, nor did it stem from the engagement of the private sector entity in the design and development of the alliance in question.



resources must be private in nature and origin;<sup>44</sup> they must come from a critical and core partner to the alliance;<sup>45</sup> and they must come from one or more of the following sources:

- i. Private for-profit entities such as a business, corporation, or private firm;
- ii. Private equity or private financial institutions, including private investment firms, mutual funds, or insurance companies;
- iii. Private investors (individuals or groups);
- iv. Private business or industry associations, including but not limited to chambers of commerce and related types of entities;
- v. Private grant-making foundations or philanthropic entities;<sup>46</sup> or
- vi. Private individuals and philanthropists.<sup>47</sup>

**b) Value Proposition and Development Impact:** The resources and contributions mobilized from the private sector should, in combination with the support requested from USAID, provide the alliance with a comparative advantage (over not using an alliance) in achieving significant and sustainable impact on the targeted development challenge. Partners need to articulate the unique contributions and value that the private sector resources and partners bring to the project and how such contributions and value will help produce significant development results better, faster, and/or more cost effectively, and with a greater chance of long-term sustainability.<sup>48</sup>

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<sup>44</sup> Funding from other USG agencies does not count toward leverage. On the contrary, alliances are expected to mobilize and leverage resources at a level that equals or exceeds the overall USG contribution to the alliance, not just USAID's contribution.

<sup>45</sup> Note: under this APS, traditional implementing partners, such as NGOs or HEIs, regardless of whether the HEI is private or public, are often critical and core partners to an alliance. However, they do not satisfy the source criteria set forth here in B.1(a). As a result, resources contributed by such traditional implementing partners would not satisfy the Nature and Origin criteria set forth in this section and would not count as leverage. (However, such resources could be counted toward the overall resource mobilization achieved by an alliance). With regard to traditional implementing partners and their valuable assets and expertise, this APS seeks to promote their extensive outreach to and engagement of the private sector partners listed in B.1(a) so as to identify ways in which our collaborative efforts and our diverse assets and expertise can increase the reach, efficiency, effectiveness and sustainable impact of our joint and respective development investments. This should help all of us (USAID, our traditional implementing partners, and the private sector) better develop and implement innovative and highly effective development solutions. See also Section C of this Appendix.

<sup>46</sup> If an NGO receives awards and funding from external sources and then makes sub-grants to other organizations as part of implementing such awards, it does not thereby become defined as a grant making foundation or philanthropic entity. An organization must be formally constituted as such a foundation or entity; in fact, the vast majority of USAID's NGO implementing partners do not fall within this category.

<sup>47</sup> This refers to individuals or philanthropists who, by virtue of their strategic position, working relationships, and/or technical expertise are able to enter into the sort of ongoing, collaborative working relationships that are fundamental to the design and implementation of a GDA.

<sup>48</sup> USAID recognizes, expects and advocates that the private sector contributions and resources should advance the core interests of the private sector partner. Indeed, seeking the intersection between those core interests and USAID's development objectives is a core element of the GDA model (<http://www.usaid.gov/gda>). At the same time, USAID resource investments are not subsidies to the private sector or substitutes for private sector investments that would otherwise be made in the absence of USAID's resources. The Agency's resources work in combination with the private sector resources; this enables the partners to achieve a set of outcomes, results and impacts that advance each of the partner's respective interests, while also fostering a broader social and economic good, asset or situation that others can draw upon to advance social and economic development.



**c) Measurable:** The resources and contributions must be something of value that can be measured in some form that permits evaluation of the contribution's impact on achieving desired results.

**d) Composition:** Generally, a minimum of 25% of the private sector resources and contributions should be in the form of cash. Consistent with the impact objectives discussed in Section A of this Appendix, USAID may consider lower levels of cash if the alternative resources and contributions clearly offer greater results and impact. However, higher levels of cash tend to be preferred given the flexibility cash provides with regard to supporting alliance activities. In addition, and depending on the alliance ideas in question, the partners involved, and other circumstances and considerations, Mission/B/IOs may encourage or specifically request higher levels of cash contributions – either as part of an applicant's concept paper or, if warranted, an applicant's full application.

If resources that are mobilized to advance an alliance do not satisfy the above criteria, they would not count toward the 1:1 private sector resource requirement.<sup>49</sup>

**Timing of Resource Contributions:** Questions often arise regarding the timing and reliability of the private sector resource contributions. So long as the mobilization and provision of the resources takes place as a consequence of the resource partner's participation in alliance development discussions, the resources can be mobilized – in whole or in part – at various times: at the outset of the alliance development discussions; during the subsequent alliance development efforts; or at the time of or subsequent to the signing of the alliance MOU or USAID's agreement with an implementing partner whose work will implement activities under the alliance.<sup>50</sup> Typically, resources are formally mobilized subsequent to the signing of an alliance MOU or USAID's agreement with the implementing partner under an alliance. However, private sector resources may be contributed throughout the alliance and partners may elect to stage their contributions. If resources and contributions are not mobilized prior to the signing of an alliance MOU or USAID agreement with implementing partners, the contribution of the resources should be reliable enough to provide USAID and the other alliance partners with high confidence levels and the ability to reasonably rely upon such resources in the planning and implementation of activities under the alliance.

## **2. Can Private Sector Funding Intended for Equity Investments Count toward the Private Sector Resource Requirement?**

Under the 2014 & 2015 GDA APS, USAID is continuing to conduct a pilot approach with regard to equity investments. Under this pilot, private sector funding to be used for equity investments can count toward the private sector resource requirement - subject to the considerations set forth below.<sup>51</sup>

**a) GC, OAA and LAB/CTP Consultation and Approval -** If the Mission/B/IO becomes aware that potential partners to a prospective alliance are interested in using funding for

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<sup>49</sup> Of course, such resources could count toward the overall resource mobilization achieved via the alliance if they are deemed relevant and valuable to advancing the objectives and success of the alliance.

<sup>50</sup> An exception can be made for resources provided to USAID by a private sector entity under USAID's gift authority. Such funding might be provided well before an alliance is discussed or actually developed.

<sup>51</sup> LAB/CTP, in collaboration with GC and OAA, hopes to develop and provide a set of illustrative examples as this pilot continues to unfold.

equity investments to meet the private sector resource requirement, or if the Mission/B/IO would like to explore that possible approach, the Mission/B/IO should consult with and get approval from the Regional Legal Advisor (and/or the Private Investment Group at USAID/GC), the Mission/B/IO procurement office and the U.S. Global Development Lab's Office for Transformational Partnerships (LAB/CTP) from the very outset of the alliance development effort and on a regular basis throughout the building of the alliance. LAB/CTP is committed to bringing together the appropriate Mission and USAID/W personnel in a collaborative effort aimed at facilitating shared knowledge of emerging approaches. Such collaboration will hopefully foster more effective approaches and accelerate replication of such approaches. In order to promote and ensure this collaboration, LAB/CTP and RLA or GC clearance will be needed before private sector funding intended for equity investments can be counted toward meeting the private sector resource requirement. Questions about and requests for clearance should be submitted by the Mission/B/IO to Ken Lee at [kenlee@usaid.gov](mailto:kenlee@usaid.gov).

**b) MOU** - The entities providing the funding have engaged in extensive communication, robust collaboration and the joint design and development of alliance activities with USAID; each of the entities providing the funding, as well as USAID, understands and is able to articulate the shared and respective roles, responsibilities, risks and rewards facing the partners to the alliance; and an MOU is entered into between USAID, the entities providing the funding, and other partners to the alliance as appropriate.<sup>52</sup>

**c) APS Criteria and Requirements** - The other evaluation criteria and private sector resource requirements set forth in this APS are satisfied, including how the funding (and the resulting equity investments) will contribute to clear, measurable and significant outputs, outcomes, results and impact and how the funding will help produce clear, measurable and significant development results better, faster, and/or more cost effectively, and with a greater chance of long-term sustainability. In addition, and consistent with Section B.1 (a) noted above, the funding should be new funding that is mobilized as a consequence of the alliance development effort and will be invested concurrent with the implementation of the alliance.

Consistent with the objectives and terms of the GDA APS, funding for equity investments can count toward meeting the private sector resource requirement if the alliance is expected to exhibit or achieve the following:

- i. **Increased Development Results** - USAID's participation in the proposed alliance enables the funding invested by the private sector partner(s) to be leveraged and utilized in a manner that will significantly increase or improve development results stemming from the investment of such funding;
- ii. **Expanded Activity** - USAID's participation in the proposed alliance prompts additional actions or engagements by the investors that would not have taken place

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<sup>52</sup> In conducting the due diligence required to enter in to an MOU, and consistent with the risk and reputation concerns that underlie the due diligence requirement, USAID should determine whether the investor(s) practices are consistent with a commitment to responsible investing. This can be done in a number of ways, including being a signatory to well-regarded responsible investment protocols or responsible investing standards.

in the absence of USAID's involvement and that will increase or improve the results of the alliance;<sup>53</sup>

- iii. **Broader Benefit** - The alliance fosters a broader set of social and economic opportunities, assets and circumstances that various individuals and institutions across society can draw upon to advance social and economic development. Such opportunities, assets and circumstances should be publicly and widely available. This ensures that USAID funding supports activities that benefit parties beyond just the investors or the businesses in which the funding is invested. For example, the alliance helps foster the development of institutions and a broader ecosystem or enabling environment conducive to equity investment consistent with advancing broad-based, inclusive economic growth; or the alliance involves training, consumer education, or technical assistance efforts that benefit stakeholders beyond the recipients of the equity investments.
- iv. **5:1 Resource Ratio** - In general, the value of the funding to be invested should significantly exceed the value of funding USAID will contribute to the alliance, preferably at a ratio of 5 to 1 or greater. However, Missions/B/IOs may determine that lower levels of funding are acceptable in light of additional development considerations and the particular alliance in question. If that's the case, Missions/B/IOs should communicate the rationale for lower resource mobilization ratios when seeking clearance from LAB/CTP.<sup>54</sup> Note: one can only count funding used to make equity investments that are INPUTs to the alliance; returns on equity and other outcomes of the investments cannot count toward the private sector resource requirement. Thus, projected returns on equity investments do not count toward meeting the private sector resource requirement. In addition, if funding intended for equity investments is going to count toward the private sector resource requirement, it should be identified and committed from the outset of the alliance. While it may actually be mobilized, applied or invested in tranches over the course of the alliance, the resources should not be sourced or drawn from potential "outcomes" of the alliance.

**d) Prohibitions:** USAID funding cannot be used to purchase or own equity securities directly.<sup>55</sup>

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<sup>53</sup> This might be an increase in the level of private capital invested (e.g. by the existing equity investors or new investors who wouldn't have otherwise participated); it might be an expansion in the geographic scope or footprint of businesses and communities to be targeted for investment activity (e.g. businesses in rural communities that are priority targets in terms of host-country and USAID development objectives); it might be providing resources and expertise to support the development of institutions and a broader enabling environment conducive to equity investment consistent with advancing broad-based, inclusive economic growth; or it might be resources or contributions that specifically support the delivery of program activities by an implementer under the alliance. The key is that USAID's participation in an alliance should somehow prompt the equity investors and partners to make some sort of change in their efforts that offers the prospect of increased or improved development results.

<sup>54</sup> Historically, GDAs have leveraged private sector resources at a 4 to 1 ratio – without counting funding for equity investments as leverage. Given this historical practice, and the level of funding for equity investments increasingly becoming available in developing countries, the request that the value of the funding for equity investments should be five times the value of USAID's contribution should often constitute a reasonable target – subject to the particular circumstances and alliance in question.

<sup>55</sup> Other USG Agencies (e.g. OPIC) and other institutions (e.g. IFC) are better positioned to determine the merits of and potentially provide such contributions to the capital available for equity investments. Absent specific statutory authority, USAID cannot purchase or own equity securities directly. However, despite the prohibition on owning equity, USAID has many structures permitting the Agency to fund an awardee that uses USAID funds to fund other entities, either through equity, debt investments or guarantees. These structures may enable USAID to achieve the

### 3. Can Private Sector Loans Count toward the Private Sector Resource Requirement?

Under the 2014 & 2015 GDA APS, USAID is continuing to conduct a pilot approach with regard to the use of loans to meet the private sector resource requirement. Under this pilot, private sector funding to be used for loans can count toward the private sector resource requirement - subject to the considerations set forth below.<sup>56</sup>

**a) GC, OAA and LAB/CTP Consultation** - If the Mission/B/IO becomes aware that potential partners to a prospective alliance are interested in using funding for loans to meet the private sector resource requirement, or if the Mission/B/IO would like to explore that possible approach, the Mission/B/IO should consult with the Regional Legal Advisor (and/or the Private Investment Group at USAID/GC), the Mission/B/IO procurement office and LAB/CTP from the very outset of the alliance development effort and on a regular basis throughout the building of the alliance. LAB/CTP is committed to bringing together the appropriate Mission and USAID/W personnel in a collaborative effort aimed at facilitating shared knowledge of emerging approaches. Such collaboration will hopefully foster more effective approaches and accelerate replication of such approaches. In order to promote and ensure this collaboration, LAB/CTP clearance will be needed before private sector funding intended for loans can be counted toward meeting the private sector resource requirement. Questions about and requests for clearance should be submitted by the Mission/B/IO to Ken Lee at [kenlee@usaid.gov](mailto:kenlee@usaid.gov).

**b) MOU** - The entities providing the funding have engaged in extensive communication, robust collaboration and the joint design and development of alliance activities with USAID; each of the entities providing the funding, as well as USAID, understands and is able to articulate the shared and respective roles, responsibilities, risks and rewards facing the partners to the alliance; and an MOU is entered into between USAID, the entities providing the funding, and other partners to the alliance as appropriate.<sup>57</sup>

**c) APS Criteria and Requirements** - The other evaluation criteria and private sector resource requirements set forth in this APS are satisfied, including how the funding (and the resulting loans) will contribute to clear, measurable and significant outputs, outcomes, results and impact and how the funding will help produce clear, measurable and significant development results better, faster, and/or more cost effectively, and with a greater chance of long-term sustainability. In addition, and consistent with Section B.1 (a) noted above, the funding should be new funding that is mobilized as a consequence of

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same development objective as a direct equity investment. Each structure will have different advantages and disadvantages depending on the development objective to be achieved. USAID personnel interested in exploring potential structures should involve GC/RLA and OAA from the outset of an alliance development effort in order to identify the structures and instruments most appropriate to the development objective in question.

<sup>56</sup> LAB/CTP, in collaboration with GC and OAA, hopes to develop and provide a set of illustrative examples as this pilot continues to unfold.

<sup>57</sup> In conducting the due diligence required to enter in to an MOU, and consistent with the risk and reputation concerns that underlie the due diligence requirement, USAID should determine whether the lender(s) practices are consistent with a commitment to responsible lending. This can be done in a number of ways, including being a signatory to well-regarded responsible lending protocols or responsible lending standards.

the alliance development effort and will be loaned concurrent with the implementation of the alliance.

Consistent with the objectives and terms of the GDA APS, funding for loans can count toward meeting the private sector resource requirement if the alliance is expected to exhibit or achieve the following:<sup>58</sup>

- i. **Increased Development Results** - USAID's participation in the proposed alliance enables the funding that is loaned by the private sector partner(s) to be leveraged and utilized in a manner that will significantly increase or improve development results stemming from the lending of such funding;
- ii. **Expanded Activity** - USAID's participation in the proposed alliance prompts additional actions or engagements by the lenders that would not have taken place in the absence of USAID's involvement and that will increase or improve the results of the alliance;<sup>59</sup>
- iii. **Broader Benefit** - The alliance fosters a broader set of social and economic opportunities, assets and circumstances that various individuals and institutions across society can draw upon to advance social and economic development. Such opportunities, assets and circumstances should be publicly and widely available. This ensures that USAID funding supports activities that benefit parties beyond just the lenders or the businesses to which the funding is loaned. For example, the alliance helps foster the development of institutions and a broader ecosystem or enabling environment conducive to lending that is consistent with advancing broad-based, inclusive economic growth; or the alliance involves training, consumer education, or technical assistance efforts that benefit stakeholders beyond the recipients of the loans.
- iv. **5:1 Resource Ratio** - In general, the value of the funding to be loaned should significantly exceed the value of funding USAID will contribute to the alliance, preferably at a ratio of 5 to 1 or greater. However, Missions/B/IOs may determine that lower levels of funding are acceptable in light of additional development considerations and the particular alliance in question. If that's the case, Missions/B/IOs should communicate the rationale for lower resource mobilization ratios when seeking clearance from LAB/CTP.<sup>60</sup> Note: One can only count funding used to make loans that are INPUTs to the alliance; outcomes of the loans

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<sup>58</sup> Note: USAID funding to an alliance can be used as lending capital under assistance instruments. For loan programs under assistance, Missions/B/IOs should contact the cognizant RLA or GC.

<sup>59</sup> This might be an increase in the level of private capital loaned (e.g. by the existing lenders or new lenders who wouldn't have otherwise participated); it might be an expansion in the geographic scope or footprint of businesses and communities to be targeted for loan provision (e.g. businesses in rural communities that are priority targets in terms of host-country and USAID development objectives); it might be providing resources and expertise to support the development of institutions and a broader enabling environment conducive to lending consistent with advancing broad-based, inclusive economic growth; or it might be resources or contributions that specifically support the delivery of program activities by an implementer under the alliance. The key is that USAID's participation in an alliance should somehow prompt the lenders and partners to make some sort of change in their efforts that offers the prospect of increased or improved development results.

<sup>60</sup> Historically, GDAs have leveraged private sector resources at a 3 to 1 ratio – without counting funding for equity investments as leverage. Given this historical practice, and the level of funding for equity investments increasingly becoming available in developing countries, the request that the value of the funding for equity investments should be five times the value of USAID's contribution should often constitute a reasonable target – subject to the particular circumstances and alliance in question.

cannot count toward the private sector resource requirement. In addition, if funding intended for loans is going to count toward the private sector resource requirement, it should be identified and committed from the outset of the alliance. While it may actually be mobilized, applied or loaned in tranches over the course of the alliance, the resources should not be sourced or drawn from potential “outcomes” of the alliance.

- v. **Funding “At Risk”** - The funding for the loans in question must be “capital at risk.” For example, if a lender provides \$2 million in loans, but \$1 million is guaranteed against default, then the lender is only placing \$1 million (\$2M - \$1M) “at risk.” Therefore, only \$1 million of loans could be counted toward the private sector resource requirement.

**d) Prohibitions:** Please note that loans provided under a DCA activity or that are a direct outcome or result of a DCA activity cannot be counted toward the private sector resource requirement. In addition, loan guarantees are not eligible to be counted toward the private sector resource requirement.

#### 4. What Doesn’t Count

In addition, certain types of resources cannot be counted toward the private sector resource requirement. For example:

- Forgone profit does not qualify as leverage.
- Value of brand, reputation, convening power or “good will” does not count as leverage.
- General overhead costs for an organization that are not directly associated with alliance activities.
- Commitments to purchase or pay a price premium for products or services generated as a result of alliance activities.

Partners will sometimes try to meet the private sector resource requirement by proposing and counting up a number of small contributions like meeting space, training refreshments, transportation costs, etc. Such contributions do not count as leverage. As noted above, meeting the private sector resource requirement is not an accounting exercise. The requirement is aimed at increasing the impact of USAID’s investments and any proposed resource or set of resources must have clear and compelling value with regard to advancing such impact. One must ask whether the proposed contributions (and the time it takes to track and verify them) are adding real and significant value to the partnership. If not, the contributions would fail to meet several criteria listed in this section and be inconsistent with the considerations and objectives discussed in Section I.A.<sup>61</sup>

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<sup>61</sup> If a prospective implementing partner is having difficulty mobilizing the resources needed to meet the 1:1 requirement, it may indicate that the private sector hasn’t been sufficiently engaged in the problem identification and definition or the related solution development. The endeavor may not sufficiently address the private sector’s interests, concerns and objectives. Difficulty securing private sector engagement and resources may also indicate that the private sector simply doesn’t have the level of interest needed to warrant a larger resource contribution. When facing any of these situations, the implementing partner may want to reconsider and reevaluate the proposed endeavor in order to consider whether it in fact warrants pursuit under this APS.

While private sector resource contributions are pursued in order to increase the outcomes and impact of a proposed alliance, the outcomes arising from the alliance do not count toward meeting the private sector resource requirement. Leverage is an input, not an outcome. It is the private sector resource contribution made to the partnership's activities; it is not the outcome of those activities. For example, USAID and a bank may develop a partnership to increase financial services to small businesses. The partnership's activities include small business training, awareness raising and market analysis. The bank contributes their experts' time and the production of training materials to the partnership. These contributions are inputs and would be considered "leverage" and could be counted toward the private sector resource requirement. **As a result of the activities conducted through the partnership/alliance**, the bank increases their loans to small businesses by \$5 million. The \$5 million in loans is an outcome of the partnership activities. It is not eligible to be counted toward the private sector resource requirement.

### **C. Can Implementing Partners Provide Resources that Count Toward the 1:1 Private Sector Resource Requirement?**

In most GDAs, USAID enters into an agreement with and makes an award to an implementing partner to conduct activities aimed at achieving the goals and objectives of the alliance. In such situations, implementing partners sometimes seek to act as resource partners as well; that is, they seek to contribute cash and in-kind resources that will shape the core activities and advance the key results, impact or strategic value of a GDA. Whether or not such resources can be counted toward the private sector resource requirement depends on three factors:

1. Is the implementing partner a private sector partner as set forth in Section B.1 of this Appendix?
2. Do the resources meet the criteria set forth in Section A and Section B of this Appendix?
3. Does the implementing partner intend to count the resources as "cost-share" under the terms of the award agreement with USAID? Resources counted by a partner as cost-share cannot also be counted by the same partner as a leverage contribution by that same partner. (See below: *Section D: What is the Relationship between Leverage and Cost-Share?*)

For example, if an organization is a grant-making foundation, it would constitute a private sector partner as set forth in Section B.1 of this Appendix. The organization and USAID would then need to assess whether the resources and contributions are consistent with the objectives, considerations and criteria set forth in Sections A and B. If they are, and the organization will not be counting the resources and contributions as part of its cost-share contribution, USAID could elect to count the resources and contributions toward the private sector resource requirement. (See Section D below).

The question about implementing partners providing leverage often arises with regard to funding or other resources an NGO or HEI has previously received from corporations, individuals or private foundations. In most instances, such resources did not originate for the explicit purpose of supporting and advancing the alliance or were not received as a result of the active engagement of the private sector partner in the design and development of the alliance in question. As a result, they could not be counted toward the private sector resource requirement. They could certainly be counted toward the overall resource mobilization achieved by the alliance, but they could not be used to satisfy the 1:1 leverage requirement.

As discussed above, USAID pursues alliances as a means of developing productive and ongoing working relationships with the private sector, particularly business, and mobilizing an array of resources and expertise from the private sector to advance development objectives. Market-based and market-informed approaches are core to the alliance model (<http://www.usaid.gov/gda>). Given those priorities, GDAs should involve private sector partners and private sector resources and contributions; NGOs and HEIs seeking to serve as implementing partners must identify the private sector partners, private sector contributions and private sector resources the NGO or HEI is engaging and mobilizing under a proposed alliance.

#### **D. What is the Relationship between Leverage and Cost-Share?**

While both leverage and cost-share refer to a portion of project or program costs not borne by the United States Government, and while both can be counted toward the overall resource mobilization achieved under an alliance, they are distinguished in three very important ways:

1. Cost-share is binding and auditable under an award agreement; leverage is not.

Leverage describes the quantifiable contributions provided by resource partners to a GDA. Unlike cost sharing or matching, which is an important element of the USAID/grantee relationship, leverage is not intended to be binding or auditable. It is not subject to traditional audit standards as it is not intended to be held to the same level of accountability as cost-share or matching.<sup>62</sup> However, given the strategic and programmatic value that leverage should contribute to the alliance, applicants are expected to identify what enhanced results are expected from any leverage proposed and provide and implement a mechanism for tracking / reporting that contribution.

2. The determination of what constitutes leverage is based on the objective, considerations and criteria set forth in this APS; the determination of what constitutes cost-share is set forth in (22 CFR 226.23 and ADS 303.3.10).

3. If resources contributed by an organization are to be counted as leverage under an alliance, they cannot also be counted by the same organization as the organization's cost-share. Likewise, if resources are to be counted by an organization as that organization's cost-share contribution, they cannot also be counted as that organization's leverage contribution.

Prospective implementing partners sometimes have difficulty distinguishing cost-share and leverage. Part of the challenge arises from the fact that certain types of resources, such as personnel time or facilities use, may be acceptable as cost-share or leverage. However, as noted in this section, the partners must decide whether such resources will be counted as leverage or cost-share. Under any given alliance, for any given partner, leverage and cost-share are mutually exclusive. If personnel time is counted as an organization's cost-share contribution, it cannot be counted as that organization's leverage contribution.

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<sup>62</sup> As noted in ADS 303 as well, cost-share "refers to the resources a recipient contributes to the total cost of an agreement. Cost share becomes a condition of an award when it is part of the approved award budget. The cost share must be verifiable from the recipient's records; for U.S. organizations it is subject to the requirements of 22 CFR 226.23, and for non-U.S. organizations it is subject to the Standard Provision, "Cost Share"; and can be audited."



In some cases, as part of an effort to ensure that proposed leverage materializes over the course of an alliance, a private sector resource partner will be expected to provide its resources and contributions (the leverage) to the implementing partner and the implementing partner will be required to treat such anticipated resources as part of the implementing partner's cost-share contribution and commitment under the award. This provides an incentive to the implementing partner to ensure the reliability and contribution of the leverage since the implementing partner's proposed cost-share is auditable. USAID may also condition year-to-year funding on the achievement of leverage benchmarks. This approach can be used in lieu of or as a complement to the cost-share approach noted in this paragraph.

#### **E. Who is responsible for ensuring, tracking and reporting on the mobilization and use of the leverage?**

Unless otherwise stated in the relevant alliance award agreement(s) and/or MOU(s), the entity receiving an award from USAID to implement alliance activities is responsible for ensuring, tracking and reporting on the mobilization and use of the leverage. USAID expects the award recipient to provide such information on a quarterly basis across the fiscal year, with an annual summary.

#### **F. Exceptions**

USAID Missions, Bureaus and Independent Offices, subject to approval by the GDA APS Activity Manager and the head of the Global Partnerships Office within the Center for Transformational Partnerships, have the discretion to make exceptions to the 1:1 private sector resource requirement. Such discretion only applies to whether the amount of resources to be provided by the private sector must equal or exceed the amount of resources requested from USAID. In addition, such discretion can only be exercised at USAID's initiative; applicants and partners should not request any exceptions to the 1:1 private sector resource requirement. If any prospective partner to a potential alliance seeks such an exception, USAID reserves the right, at its option, to terminate all related alliance discussions or the review of any related concept paper or application submitted under this APS by any partner to the alliance in question.

The possibility of an exception is only available because USAID recognizes that in certain exceptional and extremely rare situations, the development impact to be achieved as a consequence of the proposed private sector resource contribution is so extensive, significant and valuable, and the ability to mobilize and leverage the level of private sector resources needed to meet the 1:1 standard is so constrained and limited, that accepting a lower level of private sector resource contributions may be in the Agency's best interest as it seeks to achieve its development objectives.

#### **G. Additional Questions and Information**

If prospective partners have any questions about the private sector resource (leverage) requirement or the distinction between leverage and cost-share, please feel free to contact Ken Lee at [kenlee@usaid.gov](mailto:kenlee@usaid.gov).

## *APPENDIX II – THE ALLIANCE DEVELOPMENT PROCESS*

Developing an alliance is a collaborative endeavor founded on several key practices: robust partner engagement, ongoing communication; the clear articulation and understanding of partner interests and objectives; a thorough exploration of whether and how those interests and objectives overlap or complement one another; and joint problem identification, problem definition and solution development.

Under the GDA APS, this engagement, communication, exploration of interests, and subsequent problem-solving collaboration is conducted through a four step process:

1. Consult and clarify with relevant USAID personnel
2. Submit a promising idea to a USAID Mission, Bureau or Independent Office
3. Formulate prospective alliance activities, roles and responsibilities with USAID
4. Finalize an appropriate alliance agreement with USAID

Each of these steps is described in greater detail below.<sup>63</sup>

### **A. Step 1 - Consult and Clarify**

Building an effective GDA requires a mutual understanding of our respective interests and priorities. Past experience demonstrates that the most successful GDAs are grounded in the mutually reinforcing relationship between core business interests (rather than purely philanthropic interests) and one or more of USAID's development objectives.

In order to most effectively consider whether and how business and USAID interests might offer valuable alliance opportunities, **USAID seeks extensive communication with prospective private sector partners so we can jointly explore and define key challenges and problems, and then jointly develop promising solutions to those issues.**

Therefore, any business or private sector organization (as defined in this APS) interested in building a GDA with USAID should contact the USAID Mission, Bureau, or Independent Office with which the organization would like to collaborate. A list of GDA Points of Contact is available at [Mission Priorities & Contacts](#).<sup>64</sup> USAID welcomes and strongly encourages the earliest possible communication.

Likewise, prospective implementing partners seeking to build an alliance with the private sector and USAID should also reach out as early as possible to both the private sector and the USAID Mission, Bureau, or Independent Office with which the prospective implementer would like to collaborate. Such outreach should be based on a thorough review of USAID's priorities and objectives in the country or countries where an alliance would be proposed, and should reflect the particular ways in which the implementer's expertise, capabilities and experience can be assets to advancing core business interests and USAID's development priorities in the targeted country. In addition, and given the fact that direct private sector engagement by USAID is core to the GDA approach, prospective

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<sup>63</sup> For additional information on this process, please contact Ken Lee at [kenlee@usaid.gov](mailto:kenlee@usaid.gov).

<sup>64</sup> If your organization does not get a response from the relevant GDA Point of Contact within two weeks, please feel free to contact [gda@usaid.gov](mailto:gda@usaid.gov) for assistance.

implementing partners should include their prospective private sector partners in their initial consultations with USAID so as to promote the sort of co-creation that characterizes high impact alliances.<sup>65</sup>

The initial consultation with USAID provides prospective applicants and alliance partners an opportunity to identify the problems and challenges they are seeking to address, the interests and objectives they are seeking to achieve, and their initial, general ideas about how they might want to address those problems and challenges in concert with USAID. The discussion also provides the USAID Mission, Bureau or Independent Office an opportunity to clarify its objectives and priorities, as well as other matters that might be important to helping the prospective partners and applicants determine whether to proceed with the development and submission of a concept paper.<sup>66</sup> By consulting with USAID very early in the development of potential alliance ideas and concepts, prospective partners can better determine whether their interests and related ideas are aligned with the Mission/B/IO's goals, priorities and resource allocations.

As noted throughout the 2014 & 2015 GDA APS, alliances developed under this APS must advance the development objectives and priorities that guide USAID's development assistance programs and investments. A thorough overview of the Agency's core initiatives, objectives and priorities – at the global and individual country level – can be found at <http://www.usaid.gov/what-we-do> and <http://www.usaid.gov/where-we-work>. **Past experience demonstrates that the consultation and communication required under the GDA APS, and initiated under “Step 1 - Consult and Clarify,” is more likely to foster promising alliance opportunities if prospective partners invest some initial time in the review of USAID initiatives, objectives and priorities described at these websites.**<sup>67</sup>

**NOTE:** The preliminary discussions that take place during the “Consult and Clarify” step do not constitute any sort of Agency commitment to developing or supporting an alliance; nor do they constitute any sort of commitment to fund a proposed alliance. However, they are critical to determining whether further discussion or other alliance development efforts make sense and identifying potential areas for alliance development.<sup>68</sup>

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<sup>65</sup> If a potential implementing partner has not yet identified prospective private sector partners with whom to jointly develop a prospective alliance, they should still feel free to reach out to the USAID Mission, Bureau or Independent Office with which they wish to collaborate. However, once an implementing partner has identified a prospective private sector partner(s), and before developing and submitting a concept paper, the potential implementing partner should connect USAID to the proposed private sector partners and include them in subsequent pre-concept paper consultations with USAID.

<sup>66</sup> For example, a USAID Mission may face various funding constraints that limit its ability to entertain alliance ideas or limit the ways in which it might be able to participate in an alliance. In addition, some Missions, Bureaus or Independent Offices may opt not to participate in or entertain any concept papers under this GDA APS.

<sup>67</sup> If interested in working in a particular country, we invite prospective partners to review Mission-specific programs, activities and priorities and contact the USAID Mission in that country as early as possible. See <http://www.usaid.gov/where-we-work> and [Mission Priorities & Contacts](#). If interested in working with a USAID operating unit based in Washington, DC, such as a technical bureau or regional bureau, we encourage you to visit <http://www.usaid.gov/what-we-do> and contact the relevant office. See [USAID/Washington Contacts](#).

<sup>68</sup> Note: With regard to discussions that take place prior to the submission of a concept paper under this APS, and consistent with the fact that submission of a concept paper under this APS satisfies relevant requirements for competition, USAID personnel will conduct the discussions as follows. If a meeting (whether in-person, via phone, via VOIP, or other platform) involves an entity seeking to apply for and receive USAID funding via a traditional assistance award (e.g. grant, cooperative agreement, fixed obligation grant, etc.) under this GDA APS, USAID participants need to limit their input to publicly available information until a concept paper is submitted. However,

Questions concerning the terms of this APS, the general definition and requirements of a GDA, and the application process under this APS should be submitted to the Global Partnerships Office within the Center for Transformational Partnerships at USAID's Global Development Lab. Such questions can be directed to Mr. Ken Lee at [kenlee@usaid.gov](mailto:kenlee@usaid.gov). For a list of frequently asked questions, please see [GDA APS Frequently Asked Questions](#).

## **B. Step 2 - Submit a Promising Idea for Consideration and Development**

If discussions with USAID Missions and/or operating units demonstrate a potentially promising alignment between USAID's interests and objectives and the interests and objectives of particular private sector partners, there are two ways to move forward, depending on whether or not a prospective partner seeks to receive and manage funding from USAID.

1. If an entity is NOT interested in receiving or managing any funding from USAID, a technical representative from the Mission/B/IO will continue collaborating with the entity to develop an appropriate strategy for building an alliance.
2. If an entity IS interested in receiving and managing funding from USAID, the prospective partner(s) need to develop and submit a five page concept paper to the Mission or B/IO for review and consideration, with copy to [gda@usaid.gov](mailto:gda@usaid.gov).<sup>69</sup> See Section V for further information on what to include in the Concept Paper.

During the development of a concept paper, USAID personnel may continue alliance development discussions with prospective private sector partners so long as those partners are not seeking to receive funding from USAID via a traditional assistance award under this

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if a meeting is limited to prospective private sector and other alliance partners that are not seeking to apply for or receive USAID funding (as direct or indirect recipients) via a traditional assistance award under this APS, USAID participants can have robust and extensive discussion regarding the prospective alliance, including detailed discussions regarding prospective alliance activities and projects.

<sup>69</sup> In the case of a "non-traditional partner" interested in receiving and managing USAID funding to conduct alliance activities, USAID **may** choose to accept a two page Letter of Interest in lieu of a Concept Paper. However, unless USAID takes the initiative to designate an organization as a "non-traditional partner" **and** explicitly indicates a willingness to accept a Letter of Interest in lieu of a Concept Paper, any prospective applicant under the GDA APS is expected to submit a Concept Paper as described in Section VII. Applicants should not seek or request "non-traditional partner" status under this APS; USAID will make an independent determination as to whether an entity constitutes a non-traditional partner as well as whether the entity can submit a Letter of Interest in lieu of a Concept Paper. Being designated a "non-traditional partner" does NOT automatically provide an entity with an option to submit a Letter of Interest under this APS. If the Mission/B/IO designates a partner to be a non-traditional partner and is considering the possibility of accepting a Letter of Interest, the Mission/B/IO will contact Ken Lee at [kenlee@usaid.gov](mailto:kenlee@usaid.gov) or [gda@usaid.gov](mailto:gda@usaid.gov) for additional information regarding Letter of Interest requirements and related evaluation factors and considerations. Under Assistance and Acquisition Policy Directive 04-16, a "non-traditional partner" is defined as "a private organization offering resources at a leveraged ratio in excess of one to one, whose principal business purpose is other than foreign development assistance or whose development assistance purpose was recently established, and who has not routinely received federal funding under traditional grants and cooperative agreements." Note: For purposes of this APS, established NGOs, new NGOs, higher education institutions, research institutes, think tanks, and development contractors must submit alliance ideas via a Concept Paper.

APS.<sup>70</sup> Such discussions can be quite extensive, thereby enabling USAID and the private sector to explore potential alliance activities in significant detail.

**By contrast, discussions with prospective alliance partners who are seeking USAID funding under this APS must be more limited in scope until a concept paper is submitted.** USAID personnel must limit the scope of those discussions to matters consistent with publicly available information. In addition, USAID personnel CANNOT review or comment on draft concept papers being developed by a prospective applicant for USAID funding under this APS or by such an applicant's prospective partner.

However, once a concept paper has been submitted under this APS, USAID technical and program officers may communicate extensively with ALL prospective partners, including those referenced in the concept paper as well as additional partners that might be engaged over the course of the concept paper review. Communication during the review of the concept paper is aimed at determining whether the alliance ideas set forth in the Concept Paper might warrant further discussion and development. (See Step 3 below.) For example, the communication provides USAID an opportunity to clarify the ideas set forth in the Concept Paper and more fully understand whether and how the proposed alliance may relate to and advance USAID priorities and objectives. In some cases, the discussions may result in a request for a revised concept paper.<sup>71</sup>

With regard to all discussions noted above, the discussions do NOT constitute any sort of Agency commitment to developing or supporting an alliance; nor do they constitute any sort of commitment to fund a proposed alliance.

Note: After receiving the Concept Paper, USAID has 45 days to review the paper and contact the applicant regarding the proposed alliance.

### **C. Step 3 - Formulate Prospective Alliance Activities, Roles and Responsibilities with USAID**

If a Mission/B/IO determines that the proposed alliance warrants further discussion, consideration and possible pursuit, technical and program officers from the Mission/B/IO will work with the various partners to jointly develop and build the prospective alliance. Possible alliance activities will be specified; prospective roles and responsibilities of the alliance partners will be delineated; and shared understandings of expected outcomes, results and impact will be developed, including an approach to monitoring and evaluating the progress and success of the alliance.

If the alliance development efforts are productive, the Mission/B/IO will formally request whatever additional information or materials are needed for the Agency to be able to possibly make an award or otherwise provide resources and assistance aimed at supporting alliance implementation. In most cases, this request will include but not be limited to a

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<sup>70</sup> If the private sector partner is seeking to receive an award from USAID, and USAID has designated the partner to be a non-traditional partner and indicated a willingness to receive a Letter of Interest in lieu of a Concept Paper, USAID may require the private sector partner to provide such a Letter of Interest in order to continue the sort of robust and expansive discussions allowable under this GDA APS.

<sup>71</sup> See Section VII of this APS for more information on the Concept Paper review process.

Request for Full Application.<sup>72</sup> Except as otherwise noted in this APS, the requested materials or information may vary and will be determined by the Mission/B/IO.

Any request for additional information or materials is not yet a commitment to funding, but a necessary step aimed at making funding possible. USAID will review the requested materials, continue discussions with the prospective partners, and make a determination as to whether or not to provide funding and support to the alliance.

#### **D. Step 4 – Finalize an Appropriate Alliance Agreement with USAID**

If the discussions and reviews conducted during Step 3 result in a determination to fund and support the alliance, USAID will seek to negotiate and finalize an appropriate alliance agreement. Depending on the nature of the lead partner and the activities to be conducted under the alliance, agreements and/or awards may take the form of grants, fixed obligation grants, cooperative agreements, leader with associate awards, or collaboration agreements.<sup>73</sup>

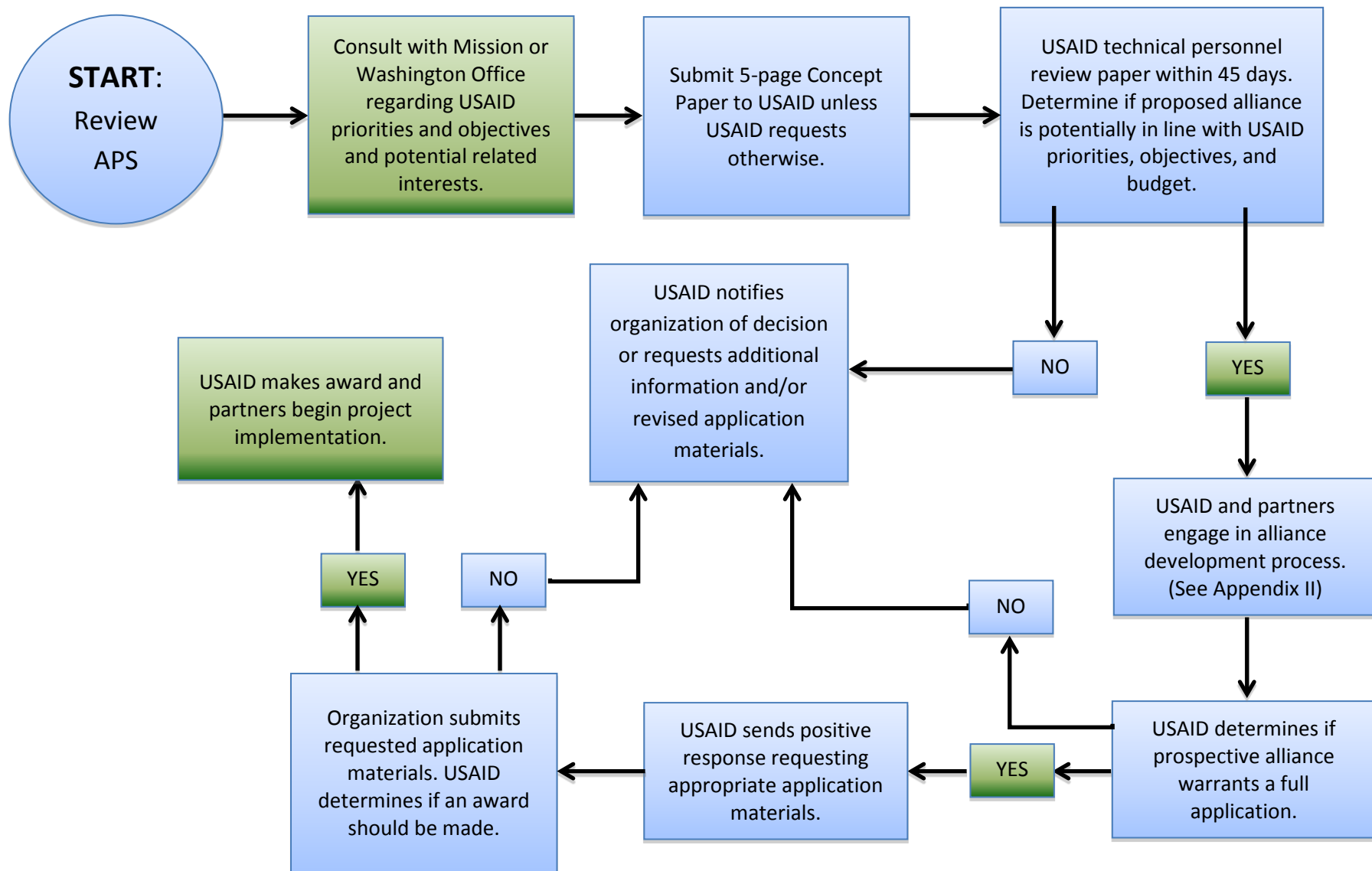
Note: At any point during the alliance development process, USAID may seek to work with prospective partners (resource and/or implementing) to develop a Memorandum of Understanding (MOU) that sets forth the various roles and responsibilities envisioned for the various partners to the alliance. While not legally binding, the development of an MOU is often extremely valuable to clarifying the nature of the alliance, delineating mutual expectations, establishing governance and communication approaches, and fostering shared understandings of alliance activities, roles and responsibilities. Further information, including an MOU template, is available at [GDA MOUs](#). Note: The Mission or B/IO will determine whether or not an MOU needs to be in place prior to an award being issued by USAID. See also Section X of this APS.

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<sup>72</sup> In cases involving possible award agreements with private sector partners deemed to be “non-traditional partners,” the Agency will likely work with the partner(s) to develop a collaboration agreement.

<sup>73</sup> For definitions and descriptions of these types of agreements, please see [http://www.usaid.gov/sites/default/files/documents/1868/aapd04\\_16.pdf](http://www.usaid.gov/sites/default/files/documents/1868/aapd04_16.pdf) and ADS 303 at <http://www.usaid.gov/sites/default/files/documents/1868/303.pdf>.

### APPENDIX III – DIAGRAM OF GDA APS APPLICATION PROCESS





## *APPENDIX IV – KEY WEBSITES, APPLICABLE REFERENCES AND REGULATIONS*

- Agency Initiatives and Priorities  
<http://www.usaid.gov/what-we-do> and <http://www.usaid.gov/where-we-work>.
- Mission Priorities, Programs and Points of Contact  
<http://www.usaid.gov/work-usaid/get-grant-or-contract/opportunities-funding/global-development-alliance-annual-program-1>
- Mission Addenda to this GDA APS  
<http://www.usaid.gov/work-usaid/get-grant-or-contract/opportunities-funding/global-development-alliance-annual-program>
- Data Universal Numbering System (DUNS) / Systems for Award Management (SAM)  
<http://www.dnb.com> and <https://www.sam.gov/portal/public/SAM/>
- Mandatory Standard Provisions for U.S., Nongovernmental Recipients  
<http://www.usaid.gov/pubs/ads/300/303maa.pdf>
- Mandatory Standard Provisions for Non-U.S. Nongovernmental Recipients:  
<http://www.usaid.gov/policy/ads/300/303mab.pdf>
- 22 CFR 226 [http://www.access.gpo.gov/nara/cfr/waisidx\\_02/22cfr226\\_02.html](http://www.access.gpo.gov/nara/cfr/waisidx_02/22cfr226_02.html)
- OMB Circulars A-110 and A-122  
<http://www.whitehouse.gov/omb/circulars/a110/a110.html>  
<http://www.whitehouse.gov/omb/circulars/a122/a122.html>
- ADS Series 300 Acquisition and Assistance <http://www.usaid.gov/pubs/ads/>
- SF-424 Downloads and SF-425 Downloads  
<http://apply07.grants.gov/apply/FormLinks?family=15>  
[http://www.whitehouse.gov/sites/default/files/omb/assets/grants\\_forms/SF-425.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/grants_forms/SF-425.pdf)  
and [http://www.whitehouse.gov/sites/default/files/omb/grants/standard\\_forms/SF-425\\_instructions.pdf](http://www.whitehouse.gov/sites/default/files/omb/grants/standard_forms/SF-425_instructions.pdf)
- Governing Regulations, Standard Provisions and Required Certifications at Time of Award <http://www.usaid.gov/sites/default/files/documents/1868/303.pdf>
- Guidance for Proposals Involving a Partial Credit Guarantee  
<http://www.usaid.gov/what-we-do/economic-growth-and-trade/development-credit-authority-putting-local-wealth-work>



**List of Acronyms**

ADS	Automated Directives System
APS	Annual Program Statement
B/IO	USAID/Washington Bureau/Independent Office
CFR	Code of Federal Regulations
DUNS	Data Universal Numbering System
GC	General Counsel
GDA	Global Development Alliance
LAB/CTP	U.S. Global Development Lab / Center for Transformational Partnerships
HEI	Higher Education Institution
IPR	Implementation and Procurement Reform
MOU	Memorandum of Understanding
NGO	Non-governmental Organization
PIO	Public International Organization
PVO	Private Voluntary Organization
RFA	Request for Application
RFP	Request for Proposals
SAM	Systems for Award Management
USAID	United States Agency for International Development
USG	United States Government

**Key Definitions****Global Development Alliance (GDA)**

A GDA is a partnership involving USAID and the private sector where the partners work together to develop and implement activities that leverage and apply our respective assets and expertise to advance core business interests, achieve USAID's development objectives, and increase the sustainable impact of USAID's development investments. GDAs mobilize at least \$1 in resources from private sector partners for every \$1 USAID contributes.

**Private Sector**

Private sector refers to that part of the economy made up of private enterprises, whether they are for-profit or not-for profit. For purposes of the GDA program, private sector institutions and actors include private businesses, financial institutions, entrepreneurs, investors, philanthropists, foundations and other for-profit and not-for-profit non-governmental entities as specified on page 3 and in Appendix I of this APS.

<b>Resource Partner</b>	Resource partners are defined as organizations (e.g., corporations, financial institutions, foundations, social entrepreneurs, diaspora organizations) that will contribute cash and in-kind resources to a GDA, including technical expertise, goods and services, market access, and related investments.
<b>Implementing Partner</b>	Any for-profit or not-for-profit organization that receives USG funding to deliver foreign development assistance. For purposes of this APS, it does not refer to private sector partners entering in to a “Collaboration Agreement” with USAID, but instead refers to the Agency’s “traditional implementing partners” as defined in AAPD 04-16. <i>Examples: NGOs, universities and development contractors</i>
<b>Annual Program Statement (APS)</b>	When USAID intends to support a variety of creative approaches towards developing methodologies to assess and implement development objective activities, the Agency may use an Annual Program Statement (APS) to generate competition for these awards.
<b>Operating Units</b>	Operating units are the organizational units responsible for implementing a foreign assistance program for one or more elements of the Foreign Assistance Framework. The definition includes all USG agencies implementing any funding from the relevant foreign assistance accounts. In the field, these agencies work collaboratively under the authority of the U.S. Ambassador. USAID Operating Units include USAID Missions, regional platforms and USAID/Washington Bureaus/Independent Offices (B/IOs) (henceforth referred to as USAID Missions and B/IOs) that expend program funds to achieve foreign development objectives.
<b>USAID Mission</b>	Missions are USAID’s field offices in developing countries. The majority of USAID development assistance is provided through our Missions.
<b>USAID Washington Bureaus/ Independent Offices</b>	USAID/Washington Bureaus/Independent Offices (B/IOs) are Washington DC based operating units that expend program funds to achieve foreign development objectives.
<b>Local Organization</b>	To be considered a “local” organization, an entity must: <ul style="list-style-type: none"> <li>• Be organized under the laws of the recipient country or a country within that region;</li> <li>• Have its principal place of business in the recipient country;</li> <li>• Be majority owned by individuals who are citizens or lawful permanent residents of the recipient country or be managed by</li> </ul>

a governing body, the majority of whom are citizens or lawful permanent residents of a recipient country; and

- Not be controlled by a foreign entity or by an individual or individuals who are not citizens or permanent residents of the recipient country.

For purposes of this definition recipient countries also includes countries within the same region.